MURCHISON MINERALS LTD. (Formerly Manicouagan Minerals Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2014

This Management's Discussion and Analysis ("MD&A") is intended to supplement the condensed interim consolidated financial statements and notes of Murchison Minerals Ltd. (the "Company" or "Murchison") for the three and six months ended June 30, 2014. As a result of the RTO (as described below), the unaudited condensed interim consolidated financial statements as at June 30, 2014 are presented as a continuance of Flemish Gold Corp. ("Flemish"). The unaudited condensed interim consolidated financial statements including comparative figures have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") applicable to preparation of interim financial statements, including IAS 34 – Interim Financial Reporting. This MD&A should be read in conjunction with Flemish audited consolidated financial statements and accompanying notes for the year ended December 31, 2013, which have been prepared in accordance with IFRS and available on the Company's web-site. This MD&A covers the most recently completed financial period and the subsequent period up to August 21, 2014. The information is presented in Canadian dollars unless stated otherwise.

OVERALL PERFORMANCE

Description of Business

Murchison Minerals Ltd. (formerly Manicouagan Minerals Inc.) and Flemish completed, effective June 6, 2014, the business combination by way of a three-cornered amalgamation (the "RTO"), pursuant to which Flemish and 8403015 Canada Inc., a wholly-owned subsidiary of the Company ("Subco"), amalgamated pursuant to the terms of a merger agreement (as amended) between the Company, Flemish and Subco dated April 23, 2014.

Effective June 6, 2014, each former Flemish shareholder was entitled to receive one (1) Murchison common share, following a 1:5 consolidation of the Murchison common shares which was effected on June 5, 2014, for every one (1) common share of Flemish held. This resulted in former Flemish shareholders acquiring ownership and control of 119,013,274 common shares of the Company, representing approximately 94% of the issued and outstanding common shares in the capital of the Company.

Also in connection with the closing of the RTO, the Company delisted from the TSX Venture Exchange and listed its common shares on the Canadian Securities Exchange ("CSE"). The common shares of the Company commenced trading on the CSE under the symbol "MUR" on June 19, 2014.

The Company has also issued an aggregate of 7,145,000 stock options ("Replacement Options") in consideration of the cancellation of former stock options of Flemish, which Replacement Options bear the same terms and conditions as the former Flemish options. In addition, an aggregate of 59,462,500 share purchase warrants of Flemish remain outstanding following the RTO and entitle the holders to acquire Murchison common shares in lieu of Flemish common shares based on the same terms.

Murchison is a Canadian-based company actively exploring for base metals and precious metals, including platinum group metals, in central Uganda where it controls the mineral rights over an area of about 1,200 km^2. Murchison also holds mineral properties in Canada located in areas with potential for base metals, precious metals, alumina and rare earth elements. The Company expects to acquire additional properties as attractive opportunities are identified. The Company does not have any projects that generate revenue at this time. The Company's ability to carry out its business plan in the future rests entirely on its ability to secure equity and other financings or realize cash from the sale of assets.

Trends
The financing, exploration and development of any properties the Company holds or may acquire in the future will be subject to a number of factors including the price of gold or other minerals, applicable laws and regulations, political conditions, currency fluctuations, the hiring of qualified people and obtaining necessary services in jurisdictions where the Company operates. The current trends relating to these factors could change at any time and negatively affect the Company's operations and business. Apart from these, the risk factors noted under the heading "Risk Factors" in the annual 2013 MD&A and "Forward Looking Information", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

OUTLOOK
The Company's long-term goal is to develop its properties and achieve commercial production. The Company may enter into partnerships in order to fully exploit the production potential of its exploration assets.

The results obtained to date in Uganda warrant further exploration and drilling. Management needs to raise additional funds over the next few months to continue its exploration, assume its obligations and its administrative expenses.

MINERAL PROPERTIES

Uganda

Murchison Project

Murchison holds a 1,200 km^2 land package in central Uganda which covers a large mafic and ultramafic complex that management believes is prospective for nickel, cobalt, and copper based on favourable geochemical anomalies and geophysical results to date. The most prominent airborne geophysical target of immediate interest is the Karuma body, an eye-shaped magnetic feature that extends over a strike length of approximately 12 kilometres and 3 kilometres in width.

Conventional soil sampling originally carried out by the Company in 2011 across the heart of the Karuma airborne magnetic body yielded anomalous levels of base and precious metals (up to 1,675 ppm Ni, 4,580 ppm Cr, 244 ppm Cu, 316 ppm Co, 68 ppm Sc, 201 ppb Au and 20 ppb Pt) concordant with the air and ground magnetic signature. To date, infill soil sampling has confirmed two separate parallel Ni-Cu-Cr-Co anomalies each of approximately 1,200 metres in length.

Ground magnetic and gravity surveys were carried out from February to April 2014 over the Karuma body. The final report and maps were received in late May 2014 and are discussed below. A 63 line-kilometre ground moving-loop electromagnetic survey (MLEM) was initiated in December 2013 and completed in April 2014, fully covering the Karuma body. Eight moderate to strong conductors were detected that are spatially related to gravity and magnetic anomalies as well as the soil geochemical anomalies. Fourteen fixed-loop electromagnetic grids (FLEM) were surveyed in March-April 2014 to better define and model the MLEM conductors and better locate drill holes.

Murchison completed an initial diamond-drilling program of 1,013 metres in 4 holes on selected targets on the Karuma structure during the second and third quarter of 2014.

Soil Geochemistry

The entire Karuma structure has been covered by systematic soil sampling. Single lines of soil sampling have also been completed on other magnetic bodies within the Murchison project. Most of these lines showed anomalous Ni, Cr, Cu, Co, Au, Pt and Pd values, particularly in the northern parts of the project area.

Compilation of the soil data over the Karuma body shows that many of the EM conductors are associated with anomalous Ni, Cu and Co zones. In addition, plots of the Ni/Sc and Cu/Sc ratios show anomalous zones are coincident with many of the EM conductors. The Ni/Sc and Cu/Sc ratio anomalies are indicators of Ni sulphide bodies at many of the magmatic sulphide deposits of Western Australia.

Additional soil sampling was completed on a gold anomaly located in meta-sedimentary rocks south of the Karuma body at Katulikire. This follow-up sampling outlined three areas of anomalous Au values, each with coincident As and Zn anomalies.

Mapping

Though outcrops are limited, a field mapping exercise was carried out over the Karungu Hills area (NE part of the Karuma body) and expanded to cover the SW portion of the Karuma magnetic body.

The mapping shows that sulphides are present in the country meta-sediments – an outside source of sulphur is needed to saturate a mafic magma and precipitate a sulphide liquid. In addition, thin section examination of gabbro samples from Karuma confirmed the presence of minor pyrite, arsenopyrite and chalcopyrite.

EM Surveys

A 63 line-kilometre ground moving-loop electromagnetic (MLEM) survey comprising 21 lines (500 metres apart by 3 kilometres long) initiated in December 2013 and completed in April 2014, has fully covered the Karuma magnetic anomaly. Areas with MLEM conductors were further surveyed with fixed-loop EM. The area is generally flat and generally devoid of outcrops; nonetheless, one small outcrop of mafic rocks containing minor sulphides was located over a strong EM conductor.

Interpretation of the MLEM data indicates the presence of strong conductors that are spatially related to gravity and magnetic anomalies and also to anomalous soil geochemistry. The application of MLEM to the discovery of the Emily Anne and Maggie Hays nickel sulphide deposits in Western Australia shows survey design and measured EM responses that are similar to those found so far in the Karuma survey data.

Field results of this MLEM survey have confirmed the presence of 8 moderate to strong conductors across the Karuma body with a cumulative strike length of 5 kilometres.

In order to define and model the MLEM conductors with more precision and better locate drill holes, an additional high definition EM survey was carried out in March-April 2014. Fourteen fixed-loop EM grids (FLEM) were laid out using a loop size of 400 x 600 metres with lines at 100 metres and stations at 50 metre intervals. The results are discussed below.

Gravity

A ground gravity survey was completed over Karuma in March 2014 with 24 x 3-4 km lines at 100 metre intervals followed by an infill gravity survey covering the high gravity intercepts, 22 x 1.5 kilometre lines at 50 metre intervals.

The gravity technique helps to differentiate between conductors located in very dense rocks (possibly massive sulphides in ultramafic rocks) and conductors related to graphite in lower density country rock.

Modeling of the gravity data indicates that the dense ultramafic bodies could extend to a depth of 1 to 1.2 kilometre below the surface and to be in a synformal structure with a fold closure at the north eastern end. The results of the gravity were integrated into the FLEM report. This data was integrated into the final compilation report, discussed below.

Ground Magnetometer

In January 2014, a ground magnetometer survey was completed over the Karuma magnetic body on the EM and gravity lines using 5 metre reading intervals.

The results show large magnetic anomalies of up to 1,700 nanoTeslas (nT) that delineate a tightly folded structure with a strike length of approximately 9 kilometres. The fold closes at the northeastern end of the structure. The magnetic profiles indicate there are two distinctive strongly magnetic units on each limb of the fold, probably the same units within a complex fold structure.

The magnetic data suggests that the ultramafic formation starts at about 25 metres below surface and extend to a depth of over 700 metres.

Five ground magnetic lines were carried out over selected reconnaissance soil lines with Ni, Cu, Co and Cr anomalies on the remainder of the Murchison project. The modeling of the data shows that the "depth-to-top" of the magnetic bodies varies from 75 metres to 135 metres (below surface) and that the magnetometer readings suggest ultramafic lithologies.

Compilation of the geophysical and geochemical data

The MLEM, FLEM, gravity, ground magnetic and soil geochemistry reports were received from our consultant in early June 2014.

EM conductors are generally modelled as tabular structures ("plates") to help visualize orientation and dip. The EM surveys identified 15 plates located within or near the high density parts of the modelled gravity and showed that these plates are associated with strongly anomalous Ni and Cu soil geochemistry values. These EM plates /conductors were ranked by priority and used to define the targets in the drilling program.

Karuma diamond drilling program

An initial diamond drilling program of 1,013 metres in 4 holes of approximately 250 metres was carried out in June-July 2014. All four inclined holes were targeted to intersect the middle of 1st order FLEM or MLEM conductors. All core was logged at the Company's field office and selected intervals of observed sulphides were cut and sampled. All sampled core was shipped to ALS-Chemex in Johannesburg, South Africa where it was prepared and assayed.

The first borehole, Kar-DD-001, was planned to reach 300 metres in depth and to intersect two FLEM conductors and one MLEM conductor. Though 64.5 metres of sulphide mineralization varying from disseminated to stringers and massive style was intersected in three zones, these did not correspond well with the modeled plates. The hole was completed at 294.50 metres. Assay results showed one significant intersection of 2.31% Ni over 0.97 metre from 127.01 to 127.98.

The second drill hole, Kar-DD-002, was positioned so as to intersect a single, strong FLEM conductor at a depth of 170 metres. The drilling intersected 41 metres of sulphide mineralization split into two zones: 17 metres from 85 to 102 metres and 24 metres from 160 to 184 metres, which carried only low-grade Ni mineralization. These sulphides are mostly pyrrhotite with minor chalcopyrite and pyrite, but their presence is a significant positive indicator for the adjacent EM conductor located about 1 kilometre to the east. This conductor is associated with highly anomalous Ni in soils with several samples returning over 0.15% Ni.

The third and fourth diamond drill holes, Kar-DD-003 and Kar-DD-004, were drilled to intersect strong MLEM conductors associated with strong Ni soil geochemical anomalies.

Hole KAR-DD-003 intersected 29.3 metres with an average of 0.40% Ni starting from 0.7 metre to 30.0 metre downhole, including 0.67% Ni over 9.0 metres from 12.5 to 21.5 metres and including 0.83% Ni over 3.4 meres from 13.8 to 17.2 metres.

Hole KAR-DD-004, located approximately 1,750 metres from hole KAR-DD-003, intersected 24.4 metres with an average of 0.347% Ni and 0.0475 Co starting from 0.6 metre to 25 metres, including 0.521% Ni over 10.6 metres from 9.4 to 20.0 metres.

The results of the 1,013 metre diamond drilling program completed in July on the Karuma area of the 100% owned Murchison project in central Uganda show that 3 of the 4 widely spaced holes drilled intersected potentially economic grades of near surface as well deeper seated nickel mineralization. All 4 holes intersected sulphide mineralization. The results confirm the potential to define both Ni-sulphide type deposits as well as Ni-oxide type deposits at Karuma. Only visibly mineralized sections have been assayed to-date in these 4 holes.

<u>Exploration Licence (EL) applications</u>
A 13.1 square kilometre EL was granted on May 21, 2014 for a three year period and is located to cover a wedge shaped gap between two of the Company's existing licences.

<u>Next steps</u>
Holes KAR-DD-003 and KAR-DD-004 are approximately 1,750 metres apart and show remarkable uniformity supporting the possibility that this type of near surface nickel mineralization extends over a large area which could host one or more large tonnage open pittable low grade nickel deposits. Both drill holes lie within a nearly 4,000 metre long by 300 to 650 metre wide nickel soil anomaly (500 ppm Ni).

Given the shallow nature of the Ni mineralization intersected in these holes of the initial drilling program, the Company proposes to drill additional shallow reverse circulation ("RC") holes (each approximately 40 metres) to test the continuity and lateral extent of this mineralization as well as two other nearby nickel soil anomalies which extend over strike lengths of 1,750 metres and 850 metres respectively.

Down-hole EM is also planned for holes #3 and #4 in order to refine the localization of MLEM conductor #1 and FLEM conductor #2.

<u>Au/Pt/Pd Potential at Karuma</u>
A soil survey completed earlier over Karuma identified several areas with anomalous values of gold (up to 1.33 g/t), platinum (up to 0.24 g/t) and palladium (up to 0.40g/t)

The Katulikire gold soil anomalies are to be investigated by an 800 metre reverse air blast (RAB) drilling program consisting of vertical holes to a 20 metre depth at 100 metre intervals in three drill lines that cover the three main Au/As/Zn soil anomalies.
A limited work program to keep all the ELs of the Murchison Project in good standing is being compiled.

<u>General</u>
For the three and six months ended June 30, 2014, the Company incurred respectively $570,366 and $912,556 (2013 - $88,258 and 118,462 respectively) in exploration expenses in Uganda.

A NI43-101 Technical Report on the Murchison property was completed in January 2014 and is available on the Company's web-site or on SEDAR under Manicouagan's company profile.

Burundi

During the last quarter, the Company initiated the process for its local subsidiary to apply for a status of dormancy as permitted under Burundian corporation laws. This will allow the Company to keep a presence in Burundi while waiting for development on the New Mining Code.

On October 15, 2013, the Government of the Republic of Burundi enacted a new Mining Code (the "New Mining Code"). The New Mining Code differs in several respects from the previous legislation and, in the Company's opinion, the New Mining Code, as currently adopted, contains major flaws and increases the risks of investing and exploring in Burundi. The Company expects to reduce its monthly maintenance and administrative costs to less than US$10,000, starting in July 2014 in the dormancy period.

For the three and six months ended June 30, 2014, exploration expenses in Burundi totalled respectively $252,897 and $511,789 (2013 - $452,925 and $1,082,891 respectively) which were all related to camp maintenance and administrative costs.

In August 2014, the Company was informed that three Burundian ex-employees have filed claims against Flemish Burundi S.A. pertaining to severance payments totalling approximately US$10,500 and damages of approximately US$188,000. The Company's local counsel is currently evaluating the claims.

Qualified Person in Africa
Exploration programs at the Company's projects in Africa are being carried out under the supervision of Mr. Martin Taylor, P. Geo. Mr. Taylor is a "qualified person" within the meaning of NI 43-101 and has supervised the preparation of, and confirmed all of the scientific and technical disclosure in this MD&A.

Canada

Cloridorme, Quebec
On June 23, 2014, the Company further amended the option agreement originally signed on February 7, 2012 (and amended October 19, 2012 and September 17, 2013) to change the timing of the $300,000 option payment payable in shares (or in cash at the option of the Company) from 'on or before June 30, 2014' to on 'or before December 31, 2014'. As part of the amendment, 33 new claims were added at Cloridorme with an obligation to incur $39,600 in exploration expenses by August 8, 2014.

In July 2014, the Company completed a short drill program (4 holes – 570 metres) at its Cloridorme project in order to generate work credits to renew the claims. The drilling was completed in August 2014 and the assaying will be completed in the near future.

Pickle Lake, Ontario
On August 5, 2014, the Company entered into an agreement with Frontline Gold Corporation ("FGC") and White Metal Resources Corp. ("WMRC") whereby FGC can acquire 100% of the Company 51% interest and the 49% interest held by WMRC in two claims known as the Pickle Lake East property. Subject to regulatory approval, FGC will issue 201,000 common shares to the Company and 200,000 common shares to WMRC. The claims will also be subject to a 2% net smelter royalty (1% for the Company and 1% to WMRC).

Access to properties

The Company's access to projects in Africa is available all year long. Typical weather in Africa is comprised of two dry seasons (June to August and December to January) and two wet seasons (February to May and September to November). The Company's access to its Canadian properties is dependent on climate and weather conditions. Typically, properties in Ontario are generally accessible all year round. Access to Pickle Lake East is via a network of bush roads while access to the Kasagiminnis and Dorothy-Dobie properties is by float plane or helicopter. The Brabant Lake deposit in Saskatchewan is accessible most of the year except during freeze-up (3 weeks) in the fall and spring thaw (4-5 weeks). All projects in Quebec can be accessed from January to September as weather limits the activities during other times of the year.

RESULTS OF OPERATIONS

For the six months ended June 30, 2014, the Company incurred a loss of $2,622,711 (2013 - $1,445,425). The increase of $1,177,286 is mainly related to the following factors: 1. higher exploration expenses in Uganda of $794,094 (2014 - $912,556 vs 2013 - $118,462) as the Company completed geochemistry and geophysics surveys at Karuma; 2. higher acquisition costs of $486,144 (2014 - $651,518 vs 2013 - $165,374) related to the RTO which include non-cash transaction costs of $405,958 in Q2-2014; 3. higher stock-based compensation expense of $184,747 (2014 - $210,775 vs 2013 - $26,028) due to the granting of stock options in February 2014 offset by the following decreases: 1. lower exploration expenses in Burundi of $571,102 (2014 - $511,789 vs 2013 - $1,082,891) reflecting the Company's decision to focus on Uganda and apply for dormancy status in Q2-14; and, 2. lower investor relations costs of $51,493 (2014 - $22,417 vs 2013 - $73,910) as an IR consultant was retained by the Company during Q1-2013.

The Company incurred exploration expenses of $1,424,384 during the six months ended June 30, 2014 (2013 - $1,201,353). By country, $912,556 (2013 - $118,462) was invested in Uganda, $511,789 (2013 - $1,082,891) in Burundi and $39 (2013 - $nil) in Canada.

For the three months ended June 30, 2014, the Company incurred a loss of $1,617,789 (2013 - $423,412). The increase of $1,194,377 is mainly related to the following factors: 1. higher acquisition costs of $565,229 (2014 - $617,955 vs 2013 - $52,726) related to the RTO which include non-cash transaction costs of $405,958 in Q2-2014; 2. higher exploration expenses in Uganda of $482,108 (2014 - $570,366 vs 2013 - $88,258) as the Company completed geochemistry and geophysics surveys at Karuma; offset the following decreases: 1. lower exploration expenses in Burundi of $200,028 (2014 – $252,897 vs 2013 - $452,925) reflecting the Company's decision to focus on Uganda and apply for dormancy status in Q2-14; and 2. a lower non-cash tax recovery of $349,359 ($nil in 2014) recorded in Q2-2013 related to the expiry of warrants.

The Company incurred exploration expenses of $823,302 during the three months ended June 30, 2014 (2013 - $541,183). By country, $570,366 (2013 - $88,258) was invested in Uganda, $252,897 (2013 - $452,925) in Burundi and $39 (2013 - $nil) in Canada.

SUMMARY OF QUARTERLY RESULTS

	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013
Total Assets	$1,819,791	$2,682,025	$3,348,790	$7,072,793
Current Assets	$994,778	$2,060,668	$2,804,482	$3,967,747
Non-current Assets	$825,013	$621,357	$544,308	$3,105,046
Total Liabilities	$502,351	$276,773	$149,391	$399,295
Interest Income	$2,726	$7,566	$11,404	$13,850
Loss	$1,617,789	$1,004,922	$3,474,099	$949,461
Loss Per Share (1)	$0.01	$0.01	$0.03	$0.01

	Second Quarter 2013	First Quarter 2013	Fourth Quarter 2012	Third Quarter 2012
Total Assets	$7,884,195	$3,550,098	$4,488,331	$5,200,812
Current Assets	$4,747,556	$310,829	$1,132,933	$1,640,939
Non-current Assets	$3,136,639	$3,239,269	$3,355,398	$3,559,873
Total Liabilities	$261,236	$333,024	$270,845	$168,427
Interest Income	$10,916	$1,174	$495	$1,630
Loss	$423,412	$1,022,013	$1,732,164	$690,765
Loss Per Share (i)	$0.00	$0.02	$0.01	$0.01
(i) Loss per share remains the same on a diluted basis				

Due to the nature of the business, the cash balance and short-term investments generating interest income are subject to fluctuations from quarter to quarter. The timing of equity financing and ensuing exploration and operating expenses are the main factors affecting the level of funds invested from time to time. The variation in interest rates also has an impact on the interest income.

In Q2-2014, the Company completed the RTO of Manicouagan by Flemish for which acquisition costs amounted to $617,955 (including a non-cash amount of $405,958). The Company was also active exploring its Murchison property during Q2-2014 where expenses totaled $570,366. The main expenses in Q1-2014 (loss of $1,004,922) are exploration expenses in Uganda of $342,190, exploration expenses in Burundi of $258,892 and non-cash stock-based compensation of $210,775. The loss in Q4 2013 includes the write-off of the Burundi exploration and evaluation properties of $2,599,423. The loss in Q3 2013 includes higher exploration expenses in Burundi as the level of activities increased after the May 2013 financing. The lower losses in Q1 and Q2 2013 are a result of cost cutting measures in exploration and administrative expenses pending a financing. Q2 2013 also includes a non-cash income tax recovery of $349,359 related to the expiry of warrants. The higher loss in the fourth quarter of 2012 includes a share-based payment of $309,765 and higher exploration expenses related to drilling in Burundi. The 2012 second and third quarter lower losses in comparison to prior periods are a reflection of the cost saving measures taken by the Company to preserve cash during the market turmoil and difficulty to raise additional capital.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, the Company had no debt, cash and cash equivalents of $889,515 and working capital of $492,427 (December 31, 2013 – $2,671,136 and $2,655,091 respectively). The Company's excess cash, when available, is deposited into interest-bearing accounts or invested in redeemable GICs with major Canadian chartered banks.

As at June 30, 2014, the Company had amounts receivable and prepaid expenses totaling $105,263 which included HST receivable of $41,836, prepaid insurance of $14,439, prepaid rent of $15,672 and refundable tax credits of $11,269.

The June 30, 2014, condensed interim consolidated financial statements were prepared in accordance accounting principles to a going concern, which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on its ability to raise new funds to meet its obligations and continue its exploration activities.

Equity Financing
The Company's exploration projects are at an early stage and it has not yet been determined whether any of its properties contain economically recoverable ore. As a result, the Company has no current sources of revenue and has relied on the issuance of shares to generate the funds required to further its projects.

The Company's ability to successfully acquire mineral projects or recover amounts expended on mineral properties is conditional on its ability to secure financing when required. The Company expects to meet additional financing requirements through equity financing. The Company may seek other alternatives for financing in the future depending on market conditions and exploration results; however, there can be no assurance that such financing attempts will be successful. Although the global economy and financial markets are showing signs of recovery, the impact on our business and the cost and availability of financing remain uncertain and could affect our overall liquidity.

Options
On February 28, 2014, the Company issued 7,145,000 stock options to its officers, directors and key consultants exercisable at $0.07 for 5 years in replacement of the previous 5,062,500 options with exercise prices ranging from $0.215 to $1.00 which were cancelled.

On June 6, 2014, on completion of the RTO of Manicouagan by Flemish, 306,700 stock options were issued as part of the RTO at a weighted average exercise price of $1.62. During June 2014, 22,600 options having an exercise price of $5.00 expired unexercised.

Warrants
On completion of the RTO of Manicouagan by Flemish, 2,069,000 warrants were issued as part of the RTO at a weighted average exercise price of $0.52.

On June 6, 2014, 1,464,000 warrants having an exercise price of $0.50 expired unexercised.

On August 13, 2014, 5,437,500 warrants having an exercise price of $0.60 expired unexercised.

On August 16, 2014, 600,000 warrants having an exercise price of $0.50 expired unexercised.

Other
The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations.

Commitments and Obligations
The Company entered into a 3-year lease for office space which expires in August 2014. As at June 30, 2014, the aggregate commitment balance under this lease is $11,770, payable in July 2014. In September 2013, the Company entered into a sub-lease agreement for a portion for its office space for $7,156 per month to August 2014.

In 2011, the Company entered into a 66 month lease for office equipment. As at June 30, 2014, the aggregate commitment balance under this lease is $8,655, payable as follows: $1,731 in 2014 and $3,462 annually from 2015 to 2016.

The Company is party to a management contract. This contract requires that an additional payment of up to $500,000 be made upon the occurrence of certain events such as change of control. As a triggering event has not taken place, the contingent payment has not been reflected in the unaudited condensed interim consolidated financial statements. Minimum commitments remaining under this contract are approximately $500,000.

The Company has no long-term contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) Transactions with related parties were as follows:

During the three and six months ended June 30, 2014, the Company invoiced $nil (three and six months ended June 30, 2013 - $4,512 and $9,038) to BRC Minerals Ltd., a corporation for which Jean-Charles Potvin is the President, for products and services incurred on its behalf. At June 30, 2014, $14,216 (December 31, 2013 - $14,216) was included in amounts receivable and prepaid expenses.

On July 30, 2013 and as amended on February 12, 2014, Flemish received a promissory note from Manicouagan in respect to a loan of up to $325,000 to Manicouagan. The principal was due payable in full on December 31, 2014 and bore interest from July 1, 2014 at the rate of 10% per annum. Between July and December 2013, Flemish advanced $160,000 to Manicouagan under the promissory note. Between January and March 2014, Flemish advanced $115,000 to Manicouagan and a further $50,000 prior to the RTO on June 6, 2014. Following the RTO, the promissory note has been eliminated.

During the six months ended June 30, 2014, Flemish invoiced Manicouagan $600 for rent and $nil for administrative expenses incurred on its behalf (six months ended June 30, 2013 - $900 and $356 respectively). At June 30, 2014, $nil (December 31, 2013 – $81) was included in amounts receivable and prepaid expenses.

(b) Remuneration of directors and the officers was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Salaries and benefits	$ 97,250	$ 94,000	$ 192,250	$ 189,000
Share-based compensation	-	-	161,216	-
	$ 97,250	$ 94,000	$ 353,466	$ 189,000

The amounts in the above table include $34,750 for the three months ended June 30, 2014 (Q2-2013 - $31,500) and $67,250 for the six months ended June 30, 2014 (2013 - $64,000) for fees invoiced by Bractea Enterprises Ltd. a corporation controlled by Erik H. Martin, the CFO of the Company, for the services rendered by Mr. Martin as CFO. Included in accounts payable and accrued liabilities at June 30, 2014 is $19,368 (December 31, 2013 - $6,145) owed to Bractea.

PROPOSED TRANSACTIONS

RTO Completed

On June 11, 2014, the Company announced the completion, effective June 6, 2014, of the previously announced business combination by way of a three-cornered amalgamation (the "Transaction"), pursuant to which Flemish and 8403015 Canada Inc., a wholly-owned subsidiary of the Company ("Subco"), amalgamated pursuant to the terms of a second amended and restated merger agreement between the Company, Flemish and Subco dated April 23, 2014.

Effective June 6, 2014, each former Flemish shareholder is entitled to receive one (1) Manicouagan common share, following a 1:5 consolidation of the Manicouagan common shares which was effected on June 5, 2014, for every one (1) common share of Flemish held (the "Exchange Ratio"). This resulted in former Flemish shareholders acquiring ownership and control of 119,013,274 common shares of the Company, representing approximately 94% of the issued and outstanding common shares in the capital of the Company. The Company also issued an aggregate of 7,145,000 stock options ("Replacement Options") in consideration of the cancellation of former stock options of Flemish, which Replacement

Options bear the same terms and conditions as the former Flemish options so cancelled, subject only to adjustment in accordance with the Exchange Ratio. In addition, an aggregate of 59,462,500 share purchase warrants of Flemish remain outstanding following the Transaction and now entitle the holders to acquire Manicouagan common shares in lieu of Flemish common shares based on the same terms, subject to adjustment in accordance with the Exchange Ratio.

Additional details on the Transaction can be reviewed in the press releases of the Company issued on December 21, 2012, January 17, 2013, March 13, 2013, May 8, 2013, May 22, 2013, July 30, 2013, November 21, 2013, February 25, 2014, April 4, 2014 and June 4, 2014.

In connection with the Transaction, the Company's directors and officers are now as follows:

Jean-Charles Potvin – President, Chief Executive Officer and Director;
David Pyper – Director;
Denis C. Arsenault – Director;
John G.P. Dixon – Director;
Joseph Hasabumutima – Director;
Donald K. Johnson – Director; and
Erik H. Martin – Chief Financial Officer

Also in connection with the closing of the Transaction, the Company delisted from the TSX Venture Exchange and listed its common shares on the Canadian Securities Exchange ("CSE"). The common shares of the Company commenced trading on the CSE under the symbol "MUR" on June 19, 2014.

Other

The Company continues to evaluate quality exploration projects and financing opportunities. There are no other transactions currently pending.

CHANGES IN ACCOUNTING POLICIES

IAS 32 – Financial Instruments: Presentation

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

New accounting standards not yet adopted

The IASB issued the following standard which is relevant but has not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new standard will have on its unaudited condensed interim consolidated financial statements or whether to early adopt.

IFRS 9 Financial instruments - classification and measurement

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

FINANCIAL INSTRUMENTS

As at,	**June 30, 2014**	**December 31, 2013**
Financial assets:		
Loans and receivables		
Cash and cash equivalents	$ 899,515	$ 2,671,136
Amounts receivable	53,105	29,666
Promissory note	-	160,000
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 502,351	$ 149,391

As of June 30, 2014 and December 31, 2013, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

Loans and receivables:
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).
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As at June 30, 2014 and December 31, 2013, none of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position.
Significant accounting judgments and estimates
The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Estimation of decommissioning and restoration costs and the timing of expenditure
  The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Impairment of exploration and evaluation properties
  While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Income and other taxes
  In assessing the probability of realizing income and other tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income and other tax assets and liabilities recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets or could result in taxes owing

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgments used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Capital Management
The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on its exploration and development activities. Selected information is regularly provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2013 and 2012 and for the three and six month periods ended June 30, 2014. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data

As of August 21, 2014, the following are outstanding:

- Common Shares 126,555,521
- Stock Options 7,429,100
- Warrants 54,030,000

Uncertainties and Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

In addition to the risks outlined in the Annual Management's Discussion and Analysis dated February 18, 2014 of Flemish, the Company has identified the extreme volatility occurring in the financial markets as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Murchison are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Flemish to access the capital markets to raise the funds required for its future expenditures.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on the Company's current expectations. Forward-looking information can often be identified by forward looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those presented in this document. Accordingly, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law. Readers are cautioned not to place undue reliance on forward-looking information.