
MURCHISON MINERALS LTD.
(formerly Manicouagan Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditor.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash (Note 11)	\$ 234,916	\$ 567,792
Amounts receivable and prepaid expenses (Note 4)	60,699	85,676
Total current assets	295,615	653,468
Property and equipment (Note 5)	299,614	304,682
Exploration and evaluation properties (Note 6)	484,188	484,188
Total assets	\$ 1,079,417	\$ 1,442,338
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 124,465	\$ 194,940
Flow-through share liability	15,742	43,846
Total current liabilities	140,207	238,786
EQUITY		
Share capital (Note 7)	25,403,089	25,403,089
Reserves (Notes 8 and 9)	684,956	2,365,830
Deficit	(25,148,835)	(26,565,367)
Total equity	939,210	1,203,552
Total equity and liabilities	\$ 1,079,417	\$ 1,442,338

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Notes 6 and 11)
Subsequent Event (Note 13)

Approved on Behalf of the Board:

"signed"
Jean-Charles Potvin
Director

"signed"
Denis Arsenault
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
EXPENSES				
Exploration expenses (recovery) Burundi (Note 6)	\$ (190,438)	\$ 57,344	\$ (189,652)	\$ 569,133
Exploration expenses Uganda	26,950	238,154	100,189	1,150,710
Exploration expenses Canada	23,437	94,718	101,553	94,757
General exploration	-	-	6,347	-
Professional fees	26,903	25,185	51,172	44,075
Management fees and salaries	41,158	110,877	114,117	346,049
Office and general	17,868	25,600	55,127	81,369
Regulatory and transfer agent	4,307	1,099	20,180	2,476
Investor relations	6,777	5,944	26,961	28,361
Travel	-	-	-	219
Share-based payments	-	-	-	210,775
Amortization	361	590	1,083	1,781
Acquisition costs (Note 3)	-	-	-	651,518
Loss (income) before the under noted	(42,677)	559,511	287,077	3,181,223
Interest income	(59)	(782)	(321)	(11,074)
Foreign exchange loss	5,944	126,959	5,691	133,747
Flow-through shares related income	(7,787)	-	(28,105)	-
Gain on disposal of property and equipment	-	(11,096)	-	(6,593)
Loss (income) before income taxes	(44,579)	674,592	264,342	3,297,303
Income tax recovery	-	(86,093)	-	(86,093)
Loss (income) and comprehensive loss (income) for the period	\$ (44,579)	\$ 588,499	\$ 264,342	\$ 3,211,210
Loss (income) per share - basic and diluted	\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.03
Weighted average number of common shares outstanding - basic and diluted	155,536,884	126,555,524	155,536,884	122,218,040

The accompanying notes are an integral part of these condensed interim consolidated financial statements

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

		<u>Reserves</u>			
	Share Capital	Equity settled share-based payments reserve	Warrants reserve	Deficit	Total
Balance, December 31, 2013	\$ 24,310,942	\$ 1,757,425	\$ 2,419,000	\$ (25,287,968)	\$ 3,199,399
Reverse asset acquisition (Note 3)	512,873	8,482	8,622	-	529,977
Share-based payments	-	210,775	-	-	210,775
Expiry of stock options	-	(1,582,370)	-	1,582,370	-
Expiry of warrants	-	-	(585,192)	585,192	-
Tax impact on expiry of warrants	-	-	-	(77,538)	(77,538)
Net loss for the period	-	-	-	(3,211,210)	(3,211,210)
Balance, September 30, 2014	\$ 24,823,815	\$ 394,312	\$ 1,842,430	\$ (26,409,154)	\$ 651,403
Balance, December 31, 2014	\$ 25,403,089	\$ 455,500	\$ 1,910,330	\$ (26,565,367)	\$ 1,203,552
Expiry of stock options	-	(174)	-	174	-
Expiry of warrants	-	-	(1,680,700)	1,680,700	-
Net loss for the period	-	-	-	(264,342)	(264,342)
Balance, September 30, 2015	\$ 25,403,089	\$ 455,326	\$ 229,630	\$ (25,148,835)	\$ 939,210

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MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 44,579	\$ (588,499)	\$ (264,342)	\$ (3,211,210)
Amortization	1,689	2,759	5,068	64,005
Share-based payments	-	-	-	210,775
Income tax recovery on expiry of warrants	-	(77,538)	-	(77,538)
Non-cash acquisition costs (Note 3)	-	-	-	405,958
Flow-through share related income	(7,787)	-	(28,105)	-
Gain on sale of property and equipment	-	(11,096)	-	(6,593)
	38,481	(674,374)	(287,379)	(2,614,603)
Net change in non-cash working capital items:				
Amounts receivable and prepaid expenses	15,265	35,508	24,977	83,087
Accounts payable and accrued liabilities	(1,158)	(50,093)	(70,474)	241,164
Net cash flows provided by (used in) operating activities	52,588	(688,959)	(332,876)	(2,290,352)
INVESTING ACTIVITIES				
Cash acquired on reverse asset acquisition	-	-	-	15,035
Acquisition of exploration and evaluation properties	-	-	-	(36,000)
Promissory note issued	-	-	-	(165,000)
Purchase of property and equipment	-	(2,218)	-	(3,158)
Proceeds on sale of property and equipment	-	11,096	-	17,773
Net cash flows used in investing activities	-	8,878	-	(171,350)
NET CHANGE IN CASH	52,588	(680,081)	(332,876)	(2,461,702)
CASH, BEGINNING OF PERIOD	182,328	889,515	567,792	2,671,136
CASH, END OF PERIOD	\$ 234,916	\$ 209,434	\$ 234,916	\$ 209,434

The accompanying notes are an integral part of these condensed interim consolidated financial statements

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2015 and 2014

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Murchison Minerals Ltd. (formerly Manicouagan Minerals Inc.) (the "Company") was incorporated under the Canada Business Corporations Act on July 25, 2001. The principal business of the Company is the acquisition, exploration and evaluation of mineral property interests. The primary office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada, M5H 1T1.

On June 6, 2014, Flemish Gold Corp. ("Flemish") completed a reverse asset acquisition ("RTO") of the Company. As a result, the condensed interim consolidated statements of financial position are presented as a continuance of Flemish and comparative figures presented in the condensed interim consolidated financial statements after the RTO are those of Flemish.

The condensed interim consolidated financial statements were approved by the Board of Directors on November 25, 2015.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The continuance of the Company is dependent upon completion of the acquisition of the exploration and evaluation properties, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of the Company's assets.

Although the Company has taken steps to verify title to its exploration and evaluation properties, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These condensed interim consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). Funding for operations has been obtained primarily through private share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and upon the achievement of profitable operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These condensed interim consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, these unaudited condensed interim consolidated financial statements do not include all of the information and footnotes required by International Financial Reporting Standards for complete financial statements for year-end reporting purposes.

Basis of presentation

The accounting policies and methods applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied by the Company in its most recent annual audited consolidated financial statements as at and for the year ended December 31, 2014, except as noted below.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2015 and 2014

(Expressed in Canadian Dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies

IFRS 13 – Fair Value Measurement (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. At January 1, 2015, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. At January 1, 2015, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

New accounting standards not yet adopted

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

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.

3. REVERSE ASSET ACQUISITION

On June 6, 2014, the Company completed a merger with Flemish under the amended and restated merger agreement dated April 23, 2014 (the “RTO”). Under the RTO, the Company acquired all of the issued and outstanding common shares of Flemish. The RTO is assumed to constitute a business combination whereby Flemish acquired the Company as the former shareholders of Flemish control the Company subsequent to the RTO. The RTO has been accounted for as a reverse acquisition of a business under the guidance provided by IFRS 3 Business Combinations which states that updates to estimated fair value can be made during the measurement period, which shall not exceed 1 year from the acquisition date. The resulting condensed interim consolidated financial statements are presented as a continuance of Flemish.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2015 and 2014**

(Expressed in Canadian Dollars)

(Unaudited)

3. REVERSE ASSET ACQUISITION (Continued)

The following table summarizes the estimated fair value of assets acquired and liabilities assumed as of the date of the RTO:

Purchase Price Consideration Paid:		
Estimated fair value of common shares (i)	\$	512,873
Estimated fair value of options (ii)		8,482
Estimated fair value of warrants (iii)		8,622
	\$	529,977
Net assets acquired		
Cash and cash equivalents	\$	15,035
Amounts receivable and prepaid expenses		19,496
Property and equipment		417
Exploration and evaluation properties		475,774
Accounts payable and accrued liabilities		(61,703)
Promissory note		(325,000)
	\$	124,019
Non-cash acquisition costs	\$	405,958
Other acquisition costs		245,560
Total acquisition costs	\$	651,518

(i) The estimated fair value of the common shares issued as consideration paid is based on the May 16, 2013 financing completed by Flemish, whereby Flemish raised \$5,250,000 by issuing 52,500,000 units priced at \$0.10 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.15 until May 16, 2015. The estimated relative fair value of the common share was determined to be \$0.068. The existing shareholders of the Company hold 7,542,247 common shares after giving effect to a 1:5 consolidation.

(ii) The estimated fair value of the options issued as consideration paid are based on the Black-Scholes option pricing model with the following weighted average assumptions: current stock price – \$0.068 per share (see note 3(i)), expected dividend yield - 0%, expected volatility - 146% to 173%, risk-free interest rate – 0.91% to 1.01% and an expected average life of 2.66 years. The estimated weighted average value per option amounted to \$0.028.

(iii) The estimated fair value of the warrants issued as consideration paid are based on the Black-Scholes option pricing model with the following weighted average assumptions: current stock price – \$0.068 per share (see note 3(i)), expected dividend yield - 0%, expected volatility – 160% to 173%, risk-free interest rate – 0.91% to 1.13% and an expected average life of 0.49 years. The estimated weighted average value per warrant amounted to \$0.004.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2015 and 2014**

(Expressed in Canadian Dollars)

(Unaudited)

4. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

		As at September 30, 2015		As at December 31, 2014
Sales tax receivable	\$	20,041	\$	28,969
Prepaid expenses and advances		34,587		17,755
Refundable tax credits		6,071		38,952
	\$	60,699	\$	85,676

5. PROPERTY AND EQUIPMENT

	Exploration equipment	Computer equipment	Office equipment	Total
Nine months ended September 30, 2014				
Opening net book amount	\$ 299,819	\$ 4,079	\$ 76,222	\$ 380,120
Additions	1,854	-	1,304	3,158
Acquisition - RTO (Note 3)	-	417	-	417
Disposals	(6,859)	-	(4,321)	(11,180)
Amortization for the period	(59,619)	(1,781)	(2,605)	(64,005)
Closing net book amount	\$ 235,195	\$ 2,715	\$ 70,600	\$ 308,510
At September 30, 2014				
Cost	\$ 1,519,841	\$ 34,723	\$ 77,606	\$ 1,632,170
Accumulated amortization	(1,284,646)	(32,008)	(7,006)	(1,323,660)
Net book amount	\$ 235,195	\$ 2,715	\$ 70,600	\$ 308,510
Year ended December 31, 2014				
Opening net book amount	\$ 299,819	\$ 4,079	\$ 76,222	\$ 380,120
Additions	1,854	-	1,304	3,158
Acquisition - RTO (Note 3)	-	417	-	417
Disposals	60,855	(268)	(73,698)	(13,111)
Amortization for the year	(60,999)	(2,233)	(2,670)	(65,902)
Closing net book amount	\$ 301,529	\$ 1,995	\$ 1,158	\$ 304,682
At December 31, 2014				
Cost	\$ 371,087	\$ 34,306	\$ 1,304	\$ 406,697
Accumulated amortization	(69,558)	(32,311)	(146)	(102,015)
Net book amount	\$ 301,529	\$ 1,995	\$ 1,158	\$ 304,682
Nine months ended September 30, 2015				
Opening net book amount	\$ 301,529	\$ 1,995	\$ 1,158	\$ 304,682
Amortization for the period	(3,789)	(1,083)	(196)	(5,068)
Closing net book amount	\$ 297,740	\$ 912	\$ 962	\$ 299,614

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2015 and 2014**

(Expressed in Canadian Dollars)

(Unaudited)

5. PROPERTY AND EQUIPMENT (Continued)**At September 30, 2015**

Cost	\$ 371,087	\$ 34,306	\$ 1,304	\$ 406,697
Accumulated amortization	(73,347)	(33,394)	(342)	(107,083)
Net book amount	\$ 297,740	\$ 912	\$ 962	\$ 299,614

6. EXPLORATION AND EVALUATION PROPERTIES

	Canada	Uganda	Total
Balance, December 31, 2013	\$ -	\$ 4,188	\$ 4,188
Acquisition - RTO	475,774	-	475,774
Additions	61,000	-	61,000
Impairment	(56,774)	-	(56,774)
Balance, December 31, 2014 and September 30, 2015	\$ 480,000	\$ 4,188	\$ 484,188

CanadaCloridorme Property - Quebec

On February 7, 2012, the Company signed an option agreement to acquire a 100% interest in 114 claims prospective for aluminous clay and rare earths in the Gaspé Peninsula of Quebec. The claims cover approximately 17 km of the favourable argillite formation.

On October 19, 2012, September 17, 2013, June 23, 2014 and December 2, 2014, the Company amended the option agreement signed on February 7, 2012 to change the terms of the agreement as follows:

- (i) \$50,000 (paid) and issuance of 1.5 million common shares (issued and valued at \$150,000);
- (ii) \$7,500 on or before October 30, 2012 (paid), \$7,500 on or before November 30, 2012 (paid), \$7,500 on or before December 30, 2012 (paid), \$7,500 on or before January 30, 2013 (paid) and \$20,000 on or before February 15, 2013 (paid) and issuance of 1.5 million common shares of the Company on or before February 15, 2013 (issued and valued at \$105,000);
- (iii) \$100,000 as follows: \$8,000 monthly starting on October 30, 2013 until May 30, 2014 (total \$64,000 paid) and \$36,000 on or before June 30, 2014 (paid);
- (iv) \$25,000 in common shares of the Company on or before December 31, 2014 based on the 10 day volume weighted average price prior to the issuance of such shares with a minimum of \$0.05 per share or, subject regulatory approval, the amount of \$25,000 can be paid in cash at the option of the Company (500,000 common shares issued on December 3, 2014 valued at \$25,000);
- (v) to complete \$200,000 of exploration expenditures on or before January 30, 2013 (completed).

As at September 30, 2015, the Company owned 100% of the 135 claims forming the Cloridorme property. The property is subject to a royalty equivalent to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase the 2% NSR at any time for \$1,000,000.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2015 and 2014

(Expressed in Canadian Dollars)

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6. EXPLORATION AND EVALUATION PROPERTIES (Continued)

Pickle Lake Properties - Ontario

At September 30, 2015, the Pickle Lake properties consisted of three non contiguous claim groups known as the Pickle Lake East property (2 claims), the Kasagiminnis property (5 claims) and the Dorothy-Dobie Lake property (14 claims). The properties are located in the Pickle Lake Greenstone Belt. On February 5, 2014, 4 claims part of the Pickle Lake East project were allowed to lapse. As at September 30, 2015, the Company needed to incur \$55,835 on the Pickle Lake properties to increase its 51% interest to 70%.

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's interest and the 49% interest held by WMRC in two claims known as the Pickle Lake East property. As part of the agreement, the Company received 33,500 common shares of PC Gold Inc. The claims will be subject to a 2% net smelter royalty (1% for the Company and 1% to WMRC).

During the year ended December 31, 2014, the Company wrote-off the carrying value of the Kasagiminnis property of \$41,864 as no further work was planned on the property. The Company plans however to keep the claims by using banked work credits at renewal.

Pickle Lake Gold / Dona Lake Properties - Ontario

At September 30, 2015, the Pickle Lake Gold property consisted of 2 claims acquired in 2009 at a cost of \$10,088 and optioned to Tri Origin Exploration Ltd. in 2011 for \$2,000 and the Dona Lake property consisted of 5 claims acquired in 2009 and 2010 at a cost of \$6,822 and are 100% owned by the Company.

During the year ended December 31, 2014, the Company wrote-off the carrying value of the Pickle Lake Gold/Dona Lake properties of \$14,910 as no further work was planned on the property.

Brabant Lake Property – Saskatchewan

As at September 30, 2015, the Company held a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

HPM Property - Quebec

During the nine months ended September 30, 2015, the Company acquired 22 additional claims at HPM Property. As at September 30, 2015, the property consisted of 36 claims.

Uganda

The Company holds eight exploration licences in Uganda forming the Murchison property. Three of the eight properties are secured via a property acquisition agreement.

Burundi

In July 2015, the Company received a Value Added Tax ("VAT") refund of \$190,834 (US\$143,000) from the Government of Burundi. The amount was recorded as a recovery of exploration expenses as in the past, the recoverability of the VAT paid on goods and services in Burundi was uncertain and included as part of the exploration expenses.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2015 and 2014**

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7. SHARE CAPITAL**(a) Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares.

(b) Issued

	Number of Shares		Amount
Balance - December 31, 2013	119,013,274	\$	24,310,942
Reverse asset acquisition (Note 3(i))	7,542,247		512,873
Balance - September 30, 2014	126,555,521	\$	24,823,815
Balance - December 31, 2014 and September 30, 2015	155,536,884	\$	25,403,089

8. WARRANTS

The following summarizes the warrants activity for the nine months ended September 30, 2015 and September 30, 2014:

	Number of Warrants	Grant Date Fair Value	Weighted Average Exercise Price
Balance - December 31, 2013	59,462,500	\$ 2,419,000	\$ 0.20
Reverse asset acquisition (Note 3(iii))	2,069,000	8,622	0.52
Expired	(7,501,500)	(585,192)	0.57
Balance - September 30, 2014	54,030,000	\$ 1,842,430	\$ 0.16
Balance - December 31, 2014	75,986,196	\$ 1,910,330	\$ 0.12
Expired	(52,500,000)	(1,680,700)	0.15
Balance - September 30, 2015	23,486,196	\$ 229,630	\$ 0.12

As at September 30, 2015, the Company had warrants outstanding as follows:

Date of Grant	Number of Warrants	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date
June 6, 2014	5,000	7.50	30	December 16, 2015
November 18, 2014	21,670,000	0.05	211,900	November 18, 2016
December 3, 2014	1,811,196	0.05	17,700	December 3, 2016
	23,486,196	\$	229,630	

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2015 and 2014**

(Expressed in Canadian Dollars)

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9. STOCK OPTIONS

The Company maintains a stock option plan whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that is issuable under the plan was fixed at 10% of the number of common shares issued and outstanding (a maximum of 5% of the number of common shares issued and outstanding may be held by any one person). Options expire after a maximum period of five years following the date of grant. Vesting provisions are determined at the time of each grant.

The following summarizes the stock option activity for the nine months ended September 30, 2015 and September 30, 2014:

	Number of Stock Options	Weighted Average Exercise Price
Balance - December 31, 2013	5,062,500	\$ 0.47
Granted (i)	7,145,000	0.07
Modified (i)	(5,062,500)	0.47
Reverse asset acquisition (Note 3(ii))	306,700	1.62
Expired	(22,600)	5.00
Balance - September 30, 2014	7,429,100	\$ 0.12
Balance - December 31, 2014	14,103,100	\$ 0.08
Expired	(42,100)	5.00
Balance - September 30, 2015	14,061,000	\$ 0.06

(i) On February 28, 2014, the Flemish options outstanding were modified, resulting in 2,082,500 additional stock options being granted to officers, directors, employees and consultants of Flemish at an exercise price of \$0.07 for a period of 5 years. The fair value of \$210,775 for the modified Flemish stock options was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 1.18%, expected volatility – 146%, expected dividend yield – 0%, forfeiture rate of – 0% and expected life – 5 years. For the nine months ended June 30, 2014, the impact on share-based payments was \$210,775.

As at September 30, 2015, the Company had incentive stock options issued to directors, officers, employees and key consultants of the Company outstanding as follows:

Date of Grant	Options Outstanding⁽¹⁾	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date	Weighted Average Remaining Contractual Life (years)
June 6, 2014	181,000	0.75	6,234	June 5, 2016	0.93
June 6, 2014	61,000	0.75	2,074	February 10, 2017	1.62
February 28, 2014	6,695,000	0.07	361,530	February 28, 2019	3.67
December 2, 2014	7,124,000	0.03	85,488	December 2, 2019	4.43
	14,061,000	\$ 0.06	\$ 455,326		4.01

⁽¹⁾ All options are exercisable.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2015 and 2014

(Expressed in Canadian Dollars)

(Unaudited)

10. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties were as follows:

On July 30, 2013 and as amended on February 12, 2014, Flemish received a promissory note from the Company in respect to a loan of up to \$325,000 to the Company. 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 January and March 2014, Flemish advanced \$115,000 to the Company and a further \$50,000 prior to the RTO. Following the RTO, the promissory note has been eliminated on consolidation.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Salaries and benefits	\$ 34,786	\$ 98,750	\$ 92,286	\$ 291,000
Share-based compensation	-	-	-	161,216
	\$ 34,786	\$ 98,750	\$ 92,286	\$ 452,216

The amounts in the above table include \$9,000 for the three months ended September 30, 2015 (three months ended September 30, 2014 - \$36,250) and \$29,000 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - \$103,500) for fees invoiced by a corporation controlled by the CFO of the Company for his services. Included in accounts payable and accrued liabilities at September 30, 2015 is \$nil (December 31, 2014 - \$15,527) owed to an officer of the Company.

11. COMMITMENTS AND CONTINGENCIES

Office Equipment Lease

In 2011, the Company entered into a 66 month lease for office equipment. As at September 30, 2015, the aggregate commitment balance under this lease is \$4,328, payable as follows: \$866 for 2015 and \$3,462 for 2016.

Flow-Through Obligation

As at September 30, 2015, the Company has to incur \$48,295 in qualifying exploration expenditures by December 31, 2015 to meet its flow-through commitment related to the non-brokered flow-through private placement completed on November 28, 2014. The Company keeps a separate bank account for the flow-through expenses to be incurred in a minimum amount equal to the flow-through obligation. At this time, management anticipates meeting that obligation and as a result, no additional provisions are required.

Environmental

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. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management contract

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 these condensed interim consolidated financial statements. Minimum commitments remaining under this contract are approximately \$500,000.

MURCHISON MINERALS LTD. (formerly Manicouagan Minerals Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2015 and 2014

(Expressed in Canadian Dollars)

(Unaudited)

11. COMMITMENTS AND CONTINGENCIES (Continued)

Burundi Litigation

In August 2014, Flemish Investment Burundi S.A. was informed that three Burundian ex-employees have filed claims against Flemish Burundi S.A. pertaining to severance payments totaling approximately US\$10,500 and damages of approximately US\$188,000. The Company believes that the claims are without merit.

12. SEGMENTED INFORMATION

The Company currently operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral property interests. Non-current assets segmented by geographical area are as follows:

	As at September 30, 2015		As at December 31, 2014	
Canada	\$	480,912	\$	481,995
Burundi		292,683		292,683
Uganda		10,207		14,192
	\$	783,802	\$	788,870

13. SUBSEQUENT EVENT

On November 23, 2015, the Company announced the appointment of Mr. Kent Pearson as President and Chief Executive Officer of the Company. He also joined as a director of the Company. Jean-Charles Potvin is continuing with the Company in the role of Executive Chairman.