



**Condensed Interim Consolidated Financial Statements**

For the Nine Months Ended September 30, 2017

**MILLROCK RESOURCES INC.**

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**Notice of No Auditor Review of the Condensed Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements of Millrock Resources Inc. (the "Company"), for the nine months ended September 30, 2017 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

**MILLROCK RESOURCES INC.**  
*(An Exploration Stage Company)*

**Consolidated Statements of Financial Position**

As at September 30, 2017, and December 31, 2016  
 (expressed in Canadian dollars)  
 Going concern - Note 2

<b>ASSETS</b>	<b>30-Sep-2017</b>	<b>31-Dec-2016</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,755,560	\$ 2,419,693
Security deposit and restricted cash - Note 4	125,494	134,809
Marketable securities - Note 5	3,646,082	86,174
Amounts receivable	413,683	227,593
Prepaid expenses and deposit	115,651	113,704
<b>Total current assets</b>	<b>\$ 6,056,470</b>	<b>\$ 2,981,973</b>
<b>Non-current assets</b>		
Advances on exploration expenditures	\$ 223,199	\$ 47,000.00
Exploration and evaluation assets - Note 3	3,276,403	3,655,621
Property, plant and equipment - Note 6	291,109	311,276
<b>Total non-current assets</b>	<b>\$ 3,790,711</b>	<b>\$ 4,013,897</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,847,181</b>	<b>\$ 6,995,870</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 443,563	\$ 261,329
Income tax payable	66,471	70,393
Project cost advance received	1,498,108	-
Note payable - Note 7	93,455	101,566
<b>Total current liabilities</b>	<b>\$ 2,101,597</b>	<b>\$ 433,288</b>
<b>Non-current liabilities</b>		
Asset retirement obligation - Note 8	\$ 47,000	\$ 47,000
Note payable - Note 7	-	66,627
Deferred tax liability	51,992	49,332
<b>Total non-current liabilities</b>	<b>\$ 98,992</b>	<b>\$ 162,959</b>
<b>Total liabilities</b>	<b>\$ 2,200,589</b>	<b>\$ 596,247</b>
<b>Shareholders' equity</b>		
Share capital - Note 9	\$ 36,815,621	\$ 36,710,359
<b>Reserves</b>		
Share-based payments - Note 10	4,347,328	3,906,188
Warrants - Note 10	503,291	503,291
Accumulated Other comprehensive income	2,644,294	(55,580)
Deficit	(36,663,941)	(34,664,635)
<b>Total shareholders' equity</b>	<b>\$ 7,646,592</b>	<b>\$ 6,399,623</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 9,847,181</b>	<b>\$ 6,995,870</b>

These financial statements were approved and authorized for issue by the Board of Directors on November 27, 2017.  
 They were signed on its behalf by:

Approved by the directors

Gregory Beischer

Darryl Cardey

Gregory Beischer

Darryl Cardey

See accompanying notes to the consolidated financial statements

**MILLROCK RESOURCES INC.***(An Exploration Stage Company)***Consolidated Statements of Loss and Comprehensive Loss***For the Nine Months ended September 30, 2017 and 2016**(expressed in Canadian dollars)*

Going concern - Note 2

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
<b>Revenue</b>				
Overhead recovery fees	\$ 233,172	\$ 115,882	\$ 384,734	\$ 159,657
	233,172	115,882	384,734	159,657
<b>General and administrative expense</b>				
Accounting, audit and legal	35,551	57,157	169,502	186,955
Amortization and depreciation - Note 6	8,803	7,021	25,956	11,692
Consulting, directors and salaries - Note 10	78,892	200,876	438,875	693,130
Foreign exchange (gain)/loss	(708)	69,432	44	95,609
General exploration	(21,477)	(20,821)	305,827	125,254
Investor relations	144,821	129,911	450,749	276,675
Office and miscellaneous expense	153,556	121,324	576,981	375,667
Stock-based compensation - Note 9	-	-	416,106	257,412
	399,438	564,900	2,384,040	2,022,394
<b>Loss before other items</b>	\$ (166,266)	\$ (449,018)	\$ (1,999,306)	\$ (1,862,737)
<b>Net loss before income taxes</b>	\$ (166,266)	\$ (449,018)	\$ (1,999,306)	\$ (1,862,737)
Income tax (Expense)/Recovery	-	-	-	214
<b>Net loss before other comprehensive loss</b>	\$ (166,266)	\$ (449,018)	\$ (1,999,306)	\$ (1,862,523)
<b>Other comprehensive income/(loss)</b>				
Unrealized gain/(loss) on marketable securities - Note 5	2,828,093	11,490	2,845,328	40,215
Cumulative translation adjustment	(157,572)	(19,378)	(145,454)	(229,829)
<b>Comprehensive gain/(loss) for the period</b>	\$ 2,504,255	\$ (456,906)	\$ 700,568	\$ (2,052,137)
<b>Basic and diluted gain/(loss) per share</b>	\$ (0.01)	\$ (0.02)	\$ (0.09)	\$ (0.09)
<b>Weighted average number of shares outstanding - basic and diluted</b>	22,033,032	22,033,032	21,742,763	21,354,675

See accompanying notes to the consolidated financial statements

**MILLROCK RESOURCES INC.***(An Exploration Stage Company)***Consolidated Statements of Cash Flows***For the Nine Months ended September 30, 2017 and 2016**(expressed in Canadian dollars)*

Going concern - Note 2

	<b>For the Nine Months Ended</b>	
	<b>2017</b>	<b>2016</b>
Cash provided from (used for)		
<b>Operating activities</b>		
Net loss	\$ (1,999,306)	\$ (1,862,523)
Items not involving cash		
Amortization and depreciation - Note 6	25,956	11,692
Accretion of note payable	9,252	-
Stock-based compensation	416,106	257,412
	<b>\$ (1,547,992)</b>	<b>\$ (1,593,419)</b>
Net change in non-cash working capital items		
Amounts receivable	\$ (186,090)	\$ (127,241)
Prepaid expenses	(1,947)	(9,433)
Accounts payable and accrued liabilities	(24,766)	84,913
Income tax payable	(3,922)	(3,037)
Project cost advance received	1,498,108	42,987
<b>Total cash outflows from operating activities</b>	<b>\$ (266,609)</b>	<b>\$ (1,605,230)</b>
<b>Cashflows from investing activities</b>		
Advances on exploration expenditures	\$ 176,199	\$ -
Net expenditures on exploration and evaluation assets	(504,557)	(338,574)
Purchase of equipment and property - Note 6	(3,744)	(390,635)
<b>Total outflows from investing activities</b>	<b>\$ (332,102)</b>	<b>\$ (729,209)</b>
<b>Cashflows from financing activities</b>		
Security deposit and restricted cash	\$ 9,315	\$ 50,700
Share issuance costs - Note 11	-	(292,241)
Shares issued for cash - Note 11	-	3,596,191
Shares issued upon warrant exercise	-	525,415
Note payable - Note 7	(74,738)	253,500
<b>Total (outflows)/inflows from financing activities</b>	<b>\$ (65,423)</b>	<b>\$ 4,133,565</b>
<b>(Decrease)/ Increase in cash and cash equivalents</b>	<b>\$ (664,133)</b>	<b>\$ 1,799,126</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>2,419,693</b>	<b>1,577,421</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 1,755,560</b>	<b>\$ 3,376,547</b>

See accompanying notes to the consolidated financial statements

## Consolidated Interim Statements of Changes In Stockholders' Equity (Unaudited)

Period From December 31, 2015 to September 30, 2017

(expressed in Canadian dollars)

Going concern - Note 2

	Common Shares (Note 8)		Reserves			Total Shareholders' Equity	
	Shares	Amount	Share-based Payment	Warrants	Other Comprehensive Income		
<b>Balance, December 31, 2015</b>	<b>31,804,758</b>	<b>32,265,528</b>	<b>3,590,880</b>	<b>370,425</b>	<b>246,457</b>	<b>(31,933,327 )</b>	<b>4,539,963</b>
Issuance of common shares for exploration and evaluation assets	300,000	133,500	-	-	-	-	133,500
Issuance of common shares for fixed asset	50,000	28,000	-	-	-	-	28,000
Issuance of common shares for cash pursuant to private placements	12,400,660	3,596,191	-	-	-	-	3,596,191
Share issue costs and finder's fee	-	(292,241 )	-	132,865	-	-	(159,376)
Issuance of common shares for cash pursuant to exercise of warrants	2,388,248	525,415	-	-	-	-	525,415
Stock-based compensation	-	-	315,309	-	-	-	315,309
Cumulative translation adjustment	-	-	-	-	(229,829)	-	(229,829)
Unrealized loss on available-for-sale marketable securities	-	-	-	-	40,215	-	40,215
Loss for the period	-	-	-	-	-	(1,862,523)	(1,862,523)
<b>Balance, September 30, 2016</b>	<b>46,943,666</b>	<b>36,256,393</b>	<b>3,906,189</b>	<b>503,291</b>	<b>56,843</b>	<b>(33,795,850 )</b>	<b>6,926,866</b>
Issuance of common shares for cash pursuant to exercise of warrants	2,063,484	453,966	-	-	-	-	453,966
Cumulative translation adjustment	-	-	-	-	(98,061)	-	(98,061)
Unrealized loss on available-for-sale marketable securities	-	-	-	-	(14,363)	-	(14,363)
Loss for the period	-	-	-	-	-	(868,786)	(868,786)
<b>Balance, December 31, 2016</b>	<b>49,007,150</b>	<b>36,710,359</b>	<b>3,906,188</b>	<b>503,291</b>	<b>(55,580 )</b>	<b>(34,664,635 )</b>	<b>6,399,623</b>
Issuance of common shares for cash pursuant to exercise of options	362,973	105,262	-	-	-	-	105,262
Stock-based compensation	-	-	441,140	-	-	-	441,140
Cumulative translation adjustment	-	-	-	-	(145,454)	-	(145,454)
Unrealized loss on available-for-sale marketable securities	-	-	-	-	2,845,328	-	2,845,328
Loss for the period	-	-	-	-	-	(1,999,306)	(1,999,306)
<b>Balance, September 30, 2017</b>	<b>49,370,123</b>	<b>36,815,621</b>	<b>4,347,328</b>	<b>503,291</b>	<b>2,644,294</b>	<b>(36,663,941 )</b>	<b>7,646,593</b>

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian dollars)

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**1. Nature of Operations**

Millrock Resources Inc. (“Millrock” or the “Company”) is a public Company listed on the TSX Venture Exchange trading under the symbol “MRO”. The registered office of the Company is located at 1177 West Hastings St., Suite 2300 Vancouver, British Columbia, Canada V6E 2K3.

The Company’s principal business activities include exploration and development of mineral resources. All of the Company’s projects are considered to be in the exploration stage and the Company has not yet determined whether these properties contain mineral resources that are economically recoverable (“ore reserves”). The Company utilizes the “Project Generator” business model. Through research and early stage exploration, the Company generates new exploration ideas, acquires mineral rights and performs exploration work to clearly identify drilling targets. Earn-in option agreements are made with third parties that fund drilling and more advanced exploration to earn an interest in the Company’s properties.

**2. Basis of Preparation and Going Concern**

The Company prepares these condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ending December 31, 2016 prepared in accordance with IFRS. IAS 34 does not require disclosure of accounting policies used in interim statements. The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are the same as those policies applied in the Company’s audited consolidated financial statements for the year ended December 31, 2016.

The condensed consolidated interim financial statements of the Company include the following significant subsidiaries:

Name of Subsidiary	Place of Domicile	Percentage Ownership
Millrock Exploration Corp	USA	100%
Millrock Alaska LLC	USA	100%
Millrock Mexico Holdings Corp	Canada	100%
Recursos Millrock	Mexico	100%

The Company consolidates all of its subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

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**IFRS Standards Issued But Not Yet Effective****IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (“IFRS 9”) which will replace IAS 39, Financial Instruments (“IAS 39”). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company is assessing IFRS 9’s impact on its financial statements and has not yet determined the impact.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is currently assessing the impact that IFRS 15 will have on its Financial Statements.

**IFRS 16 Leases**

In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a “right of use” asset and liability calculated using a prescribed methodology. The Company is assessing IFRS 16’s impact on its financial statements and has not yet determined the impact.

Management intends to adopt the above standards in the Company’s consolidated financial statements as of their effective dates, and is currently considering the impact of the adoption of these standards.

These condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the next twelve months and that it will be able to realize its assets and meet its liabilities in the normal course of operations. Realization value may be substantially different from carrying value as shown and these interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values, classification of assets and liabilities should the Company be unable to continue as a going concern. As of September 30, 2017, the Company had not yet achieved profitable operations, but had working capital of \$3,954,873 (December 31, 2016: \$2,548,685) and accumulated deficit of \$36,663,941 (December 31, 2016 \$34,664,635). Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and cash equivalents and other financial assets to continue operating at current levels for the ensuing twelve months. The Company’s forecast indicates the existence of uncertainty that raises significant doubt about the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to raise additional equity, continue

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(An Exploration Stage Company)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian dollars)

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some of its existing partnerships, partner additional exploratory prospects, generate overhead recovery fees, and receipt of option payments.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas requiring the use of management's judgments, assumptions and estimates include asset impairment analysis, the useful lives of property, plant and equipment, valuation of share-based payments and warrants, the provision for income tax liabilities, deferred income taxes and assessing and evaluating contingencies. Actual results could differ from these estimates.

These condensed interim consolidated financial statements are presented in Canadian dollars.

**3. Exploration and Evaluation Assets**

This section describes pertinent changes to each of Millrock's projects during the quarter. The notes should be read in conjunction with prior financial statements that describe the agreement terms underlying property owners and earn-in partners.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian dollars)

## Exploration and Evaluation Assets

	Alaska				Other	USA
	Humble*	Peninsula*	Stellar	Liberty Bell		Total
Balance at December 31, 2016	\$ -	\$ -	\$ -	\$ 297,459	679,739	\$ 977,194
Addition during the year						
Option costs:						
Option payments - cash	-	-	-	132,380	-	132,380
Shares issued	-	-	-	-	-	-
	-	-	-	132,380	-	132,380
Exploration costs:						
Non-reimbursable costs	-	-	136,734	27,118	1,585	165,436
Acquisition	-	-	45,874	15,429	90,640	151,944
Drilling	-	-	258,330	-	752	259,082
Geochemistry	-	-	-	93,185	-	93,185
Geology	-	-	103,836	164,114	122,039	389,988
Geophysics	-	-	102,901	-	-	102,901
Environmental and permitting	-	-	4,081	30,890	1,241	36,212
External relations	-	-	-	-	-	-
Support and equipment	-	-	610,059	249,958	62,331	922,348
	-	-	1,261,814	580,694	278,588	2,121,097
Less:						
Recoveries	-	-	1,124,950	685,957	129,292	1,940,198
Option payments received	-	-	-	-	-	-
Shares received	-	-	130,581	-	-	130,581
Gain on option payments received	-	-	-	-	-	-
Gain on shares received	-	-	-	-	-	-
Write off	-	-	-	-	-	-
	-	-	1,255,530	685,957	129,292	2,070,779
Net additions	-	-	6,284	27,117	149,296	182,697
Foreign currency translation	-	-	(6,284)	(22,283)	(54,606)	(83,173)
Balance at September 30, 2017	\$ -	\$ -	\$ -	\$ 302,293	\$ 774,430	\$ 1,076,723

\*Property was fully written off in 2016

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(An Exploration Stage Company)

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(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Mexico							British Columbia	Corporate Total	
	Los Cuarentas	Guadalcazar	Ramard	Los Chinos	Picacho	Navidad	Other			Total
Balance at December 31, 2016	\$ 503,681	\$ 447,383	\$ 51,422	\$ 36,130	\$ -	\$ 104,475	139,645	\$ 1,282,737	\$ 1,395,686	\$ 3,655,621
Addition during the year										
Option costs:										
Option payments - cash	-	-	-	-	-	-	-	-	-	132,380
Shares issued	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	132,380
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	6,820	172,256
Acquisition	84,370	998	7,585	9,492	73,273	25,899	72,397	274,013	16,924	442,881
Drilling	25,366	-	-	-	2,172	2,185	-	29,723	-	288,805
Geochemistry	80,937	3,812	1,553	9,781	37,852	54,385	41,918	230,238	11,756	335,179
Geology	160,382	7,895	4,939	36,071	100,133	144,669	93,731	547,820	158,038	1,095,847
Geophysics	-	-	-	-	-	-	-	-	28,483	131,384
Environmental and permitting	-	-	-	-	-	-	-	-	-	36,212
External relations	-	-	-	-	-	-	-	-	-	-
Support and equipment	68,183	2,143	699	14,036	33,949	48,048	11,731	178,789	54,417	1,155,554
	419,238	14,848	14,776	69,380	247,379	275,186	219,776	1,260,583	276,439	3,658,118
Less:										
Recoveries	467,243	-	-	63,040	247,173	384,655	176,711	1,338,821	176,750	3,455,769
Shares received	-	-	-	-	-	-	-	-	540,000	670,581
Gain on shares received	-	-	-	-	-	-	44,355	44,355	-	44,355
	467,243	-	-	63,040	247,173	384,655	221,066	1,383,176	716,750	4,170,705
Net additions	(48,005)	14,848	14,776	6,340	206	(109,468)	(1,289)	(122,593)	(440,311)	(380,207)
Foreign currency translation	31,236	23,913	2,886	1,930	(205)	13,999	10,401	84,162	-	989
Balance at Sept 30, 2017	\$ 486,912	\$ 486,145	\$ 69,084	\$ 44,400	\$ -	\$ 9,010	\$ 148,757	\$ 1,244,306	\$ 955,375	\$ 3,276,403

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(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Alaska							Other	USA
	Estelle*	Humble	Fortymile*	Peninsula	Stellar	Liberty Bell	Q4P		Total
Balance at December 31, 2015	\$ -	\$ 17,354	\$ -	\$ 42,258	\$ 84,209	\$ 106,750	\$ 7,175	\$ 507,638	\$ 765,384
Addition during the year									
Option costs:									
Option payments - cash	-	-	-	-	-	34,353	-	1,305	35,658
Shares issued	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	34,353	-	1,305	35,658
Exploration costs:									
Non-reimbursable costs	-	-	-	14,505	5,042	-	-	57,925	77,473
Acquisition	-	-	-	2,748	53,342	70,860	-	425,499	552,449
Drilling	-	-	-	-	-	-	-	-	-
Geochemistry	-	-	-	18,472	-	5,202	-	78,664	102,338
Geology	-	-	-	2,342	-	45,936	-	232,163	280,441
Geophysics	-	-	-	-	-	-	-	32,900	32,900
Environmental and permitting	-	-	-	-	-	-	-	2,376	2,376
External relations	-	-	-	-	-	-	-	99,803	99,803
Support and equipment	-	-	-	6,551	12,513	46,276	-	125,403	190,743
	-	-	-	44,618	70,897	168,274	-	1,054,734	1,338,522
Less:									
Recoveries	-	-	-	28,033	64,955	10,540	-	802,093	905,621
Option payments received	-	-	-	-	98,915	-	-	-	98,915
Gain on option payments received	-	-	-	-	(12,642)	-	-	-	(12,642)
Write off	-	16,730	-	56,920	-	-	6,918	65,618	146,186
	-	16,730	-	84,953	151,229	10,540	6,918	867,711	1,138,080
Net additions	-	(16,730)	-	(40,335)	(80,332)	192,087	(6,918)	188,327	236,100
Foreign currency translation	-	(624)	-	(1,924)	(3,878)	(1,378)	(258)	(16,227)	(24,290)
Balance at December 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,459	\$ -	\$ 679,739	\$ 977,194

\*Property was fully written off in 2015

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Mexico							British Columbia	Corporate	
	Coatan*	Los Cuarentas	Guadalcazar	Ramard	Rio Sonora*	Los Chinos	Other			Total
Balance at December 31, 2015	\$ -	\$ 625,165	\$ 540,909	\$ 52,774	\$ -	\$ 67,597	103,165	\$ 1,389,609	\$ 839,234	\$ 2,994,230
Addition during the year										
Option costs:										
Option payments - cash	-	-	-	-	-	-	-	-	65,000	100,658
Shares issued	-	-	-	-	-	-	-	-	133,500	133,500
	-	-	-	-	-	-	-	-	198,500	234,158
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	-	77,473
Acquisition	-	11,761	4,883	3,495	-	23,410	98,659	142,209	41,817	736,474
Drilling	-	8,321	-	-	-	227,604	-	235,925	-	235,925
Geochemistry	-	233,503	167	-	-	252,495	19,670	505,835	-	608,174
Geology	-	146,692	5,003	2,452	-	250,216	44,889	449,252	125,439	855,132
Geophysics	-	5,592	-	-	-	9,372	-	14,964	113,483	161,346
Environmental and permitting	-	-	-	-	-	-	-	-	47,000	49,376
External relations	-	-	-	-	-	-	-	-	-	99,803
Support and equipment	-	92,338	558	3,645	-	120,014	8,848	225,403	39,214	455,360
	-	498,207	10,611	9,592	-	883,112	172,067	1,573,588	366,952	3,279,063
Less:										
Recoveries	-	498,695	-	-	-	907,816	-	1,406,511	9,000	2,321,132
Option payments received	-	-	-	-	-	-	-	-	-	98,915
Gain on option payments received	-	-	-	-	-	-	-	-	-	(12,642)
Write off	-	-	-	-	-	-	-	-	-	146,186
	-	498,695	-	-	-	907,816	-	1,406,511	9,000	2,553,592
Net additions	-	(488)	10,611	9,592	-	(24,704)	172,067	167,077	556,452	959,629
Foreign currency translation	-	(120,996)	(104,137)	(10,945)	-	(6,760)	(31,112)	(273,949)	-	(298,239)
Balance at December 31, 2016	\$ -	\$ 503,681	\$ 447,383	\$ 51,422	\$ -	\$ 36,130	\$ 244,120	\$ 1,282,737	\$ 1,395,686	\$ 3,655,621

\*Property was fully written off in 2015

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**Alaska Properties****(a) Humble Property, Alaska**

On November 29, 2010 the Company announced that it had staked the block of claims that comprise the project. Millrock abandoned the property in 2016 and all costs incurred were written off.

**(b) Peninsula Property, Alaska**

The Alaska Peninsula project is comprised of mineral lands owned by Bristol Bay Native Corporation. Millrock has previously signed an Exploration Agreement with an Option to lease through which the Company can secure a 100% leasehold interest for mining. The agreement lands cover three known porphyry copper-gold occurrences on the Alaska Peninsula. First Quantum Minerals ("FQM") signed a Right of First Refusal in the first quarter of 2014 and funded a sampling, mapping and geophysical survey. At the end of 2014 FQM decided to enter into an earn-in option agreement and fund a drilling program which took place in the third quarter of 2015. After receiving results of the program FQM terminated the earn-in option agreement. Millrock terminated its option on the project in 2016 and all costs associated with the project were written off.

**(c) Stellar Property, Alaska**

On September 9, 2012 Millrock announced that it had acquired this new copper-gold project by staking of claims. The Company invested substantial effort and expense to research all available information and to acquire some data by purchase agreement. Millrock owns a 100% interest in the project with some claims being subject to a royalty payable to Altius Minerals Ltd., pursuant to the terms of the strategic alliance with that company. On August 6, 2013 Millrock announced that it had granted a Right of First Refusal to a major mining company. The mining company funded exploration program costs of approximately US\$300,000. The work was completed and results were received. In the fourth quarter of 2013 the mining company decided not to pursue further work on the project. The claim holding was reduced during the fourth quarter of 2013 and a portion of the carrying value was written off. The claim block was further reduced in 2014 and a proportional amount of the carrying value was further written off. In 2015 Millrock made an earn-in option agreement with Vista Minerals. Vista had the right to earn a majority interest in the project by making exploration expenditures and cash payments to Millrock. Vista has funded exploration work and made the payments necessary to keep the property in good standing, and has funded an expansion of the property. On July 26, 2017 Millrock completed a transaction whereby the Stellar project was sold to Vista, which then immediately merged with Coventry Resources and made Millrock a shareholder of Coventry Resources. Coventry then change its name to PolarX Limited ("PolarX"). PolarX is listed on the Australian stock exchange.

**(d) Liberty Bell Property, Alaska**

On October 13, 2015 Millrock announced that it had acquired an option to purchase the Liberty Bell gold project from Boot Hill Gold. The deal was renegotiated in the first quarter of 2017. In order to exercise the option Millrock must pay the owners cash totaling US\$700,000 over the life of the property. On March 2, 2017 Millrock announced that it had formed an option to joint

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venture agreement with Kinross Gold Corporation (“Kinross”). Under the terms of the agreement Kinross will assume property holding costs and, if it expends US\$5 million it will earn a 70% joint venture interest. During the earn-in period, Millrock will be entitled to advanced minimum royalty payments totaling \$145,000 and management fees of \$145,000. Millrock will vest with a 1% net smelter return royalty upon formation of a joint venture.

**(e) Q4P, Alaska**

The Q4P program was a strategic alliance with Vale Exploration Canada Inc. and Vale Exploration USA, Inc. both wholly owned subsidiaries of Vale S.A. (Vale) that ended in 2012. As part of the alliance Vale had optioned the AUDN property but also terminated their option on these specific claims. Millrock significantly reduced the claim block and carrying value in 2013. The claim block was abandoned in 2016 and all costs were written off.

**British Columbia Properties**

On December 14, 2015 Millrock announced that it had entered into a series of agreements to consolidate three major land packages in the “Golden Triangle” area, northeast of the town of Stewart, British Columbia. In total Millrock paid \$313,000 in cash and Millrock shares valued at \$491,940. Millrock also paid \$28,000 as the initial payment on certain tenures upon which it has taken an option. The projects included Oweegee Dome, Todd Creek and Poly. Todd Creek and Poly were subsequently merged together by staking intervening ground and assuming an option on the LNT property. In 2016 the Company purchased the Willoughby gold prospect for \$40,000 and 300,000 shares. Millrock carried out exploration on the properties in 2016 and has been seeking a partner to fund work on the projects. In the second quarter Millrock made an option to purchase agreement with Sojourn Ventures Inc., which was subsequently renamed Sojourn Exploration Inc. (“Sojourn”). Sojourn can earn a 100% interest in the Willoughby and Oweegee Dome projects by making share payments over time. Additionally, Millrock granted a right of first refusal to Sojourn concerning the Todd Creek project. Millrock will be entitled to a 2% net smelter returns royalty. Sojourn subsequently raised in excess of \$1.0 million, which was a condition of the transaction.

**Mexico Properties**

On June 6, 2014 Millrock entered an agreement to purchase Pembroke Mexico Holdings and all of its assets, which include the shares of a wholly-owned Mexican subsidiary and its nine 100%-owned mineral properties which included: Rio Sonora, Los Cuarentas Este, Los Cuarentas Oeste, Los Chinos, Ramard, Los Chivos, Villa Hidalgo, Violeta and La Union. Millrock changed the name of Pembroke Mexico Holdings to Millrock Mexico Holdings. The Mexico subsidiary was renamed Recursos Millrock. The mineral rights contained within the properties at the time of purchase are subject to a net smelter return royalty payable to Pembroke Mining Corporation. The royalty payable is 1.5% on gold and silver and 1.0% on other metals. The purchase also included two mineral properties under option. The first is Guadalcazar, under option from the Servicio Geologico Mexicano, and the second is Coatan, under option from Riverside Resources Inc. The Coatan option was terminated prior to any costs being incurred. Millrock has been seeking partners for the various projects and has attracted two different partners to five projects to date.

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**(f) Los Chinos, Mexico**

On March 30, 2016 Millrock entered into an earn-in agreement with Centerra Gold Inc. ("Centerra") concerning the Los Chinos project in northern Sonora, Mexico, pursuant to which Centerra agreed to fund a US\$350,000 initial exploration program. The agreement provides Centerra the option to earn a 70% interest in the project by making US\$5.0 million in exploration expenditures and completing option payments over a five year period. Centerra terminated the option during the quarter.

**(g) Los Cuarentas, Mexico**

On March 30, 2016 Millrock entered into an earn-in option agreement with Centerra Gold concerning the Los Cuarentas project in northern Sonora, Mexico, pursuant to which Centerra agreed to fund a \$70,000 initial exploration program. The agreement provides Centerra the option to earn a 70% interest in the project by making US\$2.0 million in exploration expenditures and making option payments over a five year period. Centerra terminated the option during the quarter.

**(h) La Navidad, Mexico**

On June 13, 2017 Millrock entered an option to purchase a 100% interest in the La Navidad gold property located in northern Sonora, Mexico. To earn the interest from owner Western Mining, Millrock must make cash payments totaling US\$2.5 million over the course of the four year option period, and make exploration expenditures of US\$3.0 million. Simultaneously with signing the option agreement Millrock also made an agreement with Centerra by which Centerra can earn an 80% interest in the project by meeting the terms of the underlying agreement with Western Mining.

**(i) El Picacho, Mexico**

On June 8, 2017 Millrock entered an option to purchase a 100% interest in the El Picacho gold property located in northern Sonora, Mexico. To earn the interest (which includes both the surface and subsurface estate) from the owners who are private individuals, Millrock must make cash payments totaling US\$1,723,500 over the course of the four year option period. Simultaneously with signing the option agreement Millrock also made an agreement with Centerra by which Centerra can earn an 80% interest in the project by meeting the terms of the underlying agreement up until the point that it has expended US\$2.0 million.

**(j) Other Properties**

Currently the Company has several other very early stage properties in its portfolio. These properties are grouped together as "Other Properties" until such time as Millrock has adequately demonstrated mineral potential that warrants individual description, or until Millrock has made an agreement with another Company on the mineral rights. The Company regularly evaluates prospects on open ground and on the claims of others. Millrock added a number of properties in Mexico and Alaska to its portfolio over the course of 2015. The costs associated with these

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evaluations are written off annually if the work does not result in development of a project or claim holding by Millrock.

During the first quarter of 2017 Millrock signed a Strategic Alliance with Centerra. Under the agreement Centerra will provide minimum funding of \$US 250,000 for generative exploration in 2017. Designated projects emerging from the alliance operations will be subject to an option to joint venture agreement whereby Centerra can earn an 80% interest by expending US\$2.0 million on exploration. One such designated project, the El Picacho gold project was formed on June 8, 2017.

**4. Security Deposit and Restricted Cash**

Security deposit and restricted cash consists of a security deposit for the Company's credit cards and advances from earn-in partners who have forwarded funds to the Company for use on specific properties. The security deposit for the quarter ended June 30, 2017 was \$130,356 (December 31, 2016: \$134,809).

**5. Marketable Securities**

Marketable securities are available for sale investments consisting of investments in quoted equity shares. The fair value of the listed quoted equity shares has been determined directly by reference to published price quotations in an active market.

Quoted equity shares	# of shares	9/30/2017		12/31/2016		
		per share	Fair Value	# of shares	per share	Fair Value
Chalice Gold Mines, Ltd TSX-V: CXN	574,505	0.29	166,606	574,505	0.15	86,174
Riverside Resources, Inc TSX-V: RRI	100,000	0.32	32,000	-	-	-
PolarX Limited ASX: PXX	25,653,968	0.12	3,078,476	-	-	-
Sojourn Exploration Inc. TSX-V: SOJ	1,800,000	0.205	369,000	-	-	-
Total Marketable Securities			<u>\$ 3,646,082</u>			<u>\$ 86,174</u>

During the second quarter Millrock received 100,000 shares of Riverside Resources Inc. as part of the consideration for the sale of the Violeta property. During the third quarter Millrock received 25,653,968 shares of PolarX Ltd as part of the agreement for the Stellar property in Alaska, and 1,800,000 shares of Sojourn Exploration for the agreement relating to the Oweegee Dome and Willoughby properties in British Columbia. The Company has an unrealized gain of \$410,511 on shares for the nine months ended September 30, 2017.

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**6. Property, Plant and Equipment**

	Furniture and fixtures	Office equipment	Leasehold improvement	Software	Vehicle	Building	Total
<b>Cost</b>							
<b>Balance at January 1, 2016</b>	<b>\$ 23,259</b>	<b>\$ 375,261</b>	<b>\$ 21,833</b>	<b>\$ 99,883</b>	<b>\$ 59,205</b>	<b>\$ -</b>	<b>\$ 579,440</b>
Additions	-	25,593	-	-	37,042	260,742	323,377
Foreign currency translation	(694)	(16,347)	(652)	(2,981)	(9,287)	-	(29,960)
<b>Balance at December 31, 2016</b>	<b>\$ 22,565</b>	<b>\$ 384,506</b>	<b>\$ 21,181</b>	<b>\$ 96,902</b>	<b>\$ 86,961</b>	<b>\$ 260,742</b>	<b>\$ 872,857</b>
Additions	-	3,744	-	-	-	-	3,744
Foreign currency translation	(1,570)	(21,990)	(1,473)	(6,741)	588	-	(31,185)
<b>Balance at September 30, 2017</b>	<b>\$ 20,996</b>	<b>\$ 366,261</b>	<b>\$ 19,708</b>	<b>\$ 90,162</b>	<b>\$ 87,549</b>	<b>\$ 260,742</b>	<b>\$ 845,416</b>
<b>Depreciation and impairment losses</b>							
<b>Balance at January 1, 2016</b>	<b>\$ 23,259</b>	<b>\$ 362,187</b>	<b>\$ 21,833</b>	<b>\$ 99,883</b>	<b>\$ 59,205</b>	<b>\$ -</b>	<b>\$ 566,366</b>
Depreciation for the year	-	14,296	-	-	6,355	2,804	23,455
Foreign currency translation	(694)	(16,800)	(652)	(2,981)	(7,114)	-	(28,240)
<b>Balance at December 31, 2016</b>	<b>\$ 22,565</b>	<b>\$ 359,683</b>	<b>\$ 21,181</b>	<b>\$ 96,902</b>	<b>\$ 58,446</b>	<b>\$ 2,804</b>	<b>\$ 561,581</b>
Depreciation for the year	-	12,458	-	-	9,078	4,419	25,955
Foreign currency translation	(1,570)	(22,992)	(1,473)	(6,741)	(454)	-	(33,230)
<b>Balance at June 30, 2017</b>	<b>\$ 20,996</b>	<b>\$ 349,149</b>	<b>\$ 19,708</b>	<b>\$ 90,162</b>	<b>\$ 67,070</b>	<b>\$ 7,223</b>	<b>\$ 554,306</b>
<b>Carrying amounts</b>							
<b>Balance at January 1, 2016</b>	<b>\$ -</b>	<b>\$ 13,074</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,074</b>
<b>Balance at December 31, 2016</b>	<b>\$ -</b>	<b>\$ 24,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,514</b>	<b>\$ 257,938</b>	<b>\$ 311,276</b>
<b>Balance at September 30, 2017</b>	<b>\$ -</b>	<b>\$ 17,112</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,479</b>	<b>\$ 253,519</b>	<b>\$ 291,109</b>

The property purchased during the quarter ended September 30, 2016 is financed by a note payable referred to in Note 7.

**7. Note Payable**

The Company executed a note payable for \$253,500 for the purchase of a property that is used for a base of operations for exploration work in the Stewart area of British Columbia. The security for the note payable is the property purchased. It is to be paid down at \$10,000 per month with no interest charged.

**8. Provisions**

The Company recognized \$47,000 of asset retirement obligations in the year ended December 31, 2016 (December 31, 2015 \$0) related to exploration bonds on its properties in British Columbia. The obligation generally arises when ground/environment is disturbed at the exploration operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction during exploration. Additional disturbances which arise due to further development/construction at a property are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent

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to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as extraction progresses.

**9. Share Capital**

The Company's authorized share capital consists of an unlimited number of voting common shares without par value. The Company has reserved shares for issuance under stock option agreements as described under Note 8.

Issued and outstanding: 49,370,123 common shares (September 30, 2016: 46,943,666).

	Number of Shares	Share Capital	Share-based payment	Warrants
<b>Balance December 31, 2015</b>	<b>31,804,758</b>	<b>\$ 32,265,528</b>	<b>\$ 3,590,880</b>	<b>\$ 370,425</b>
Issued for mineral properties	300,000	133,500	-	-
Issuance of common shares for fixed asset	50,000	28,000	-	-
Stock-based compensation	-	-	315,309	-
Issued for cash pursuant to Private placements	12,400,660	3,596,191	-	-
Share issue costs and finder's fee		(292,241)	-	132,865
Issuance of common shares for cash pursuant to Exercise of warrants	4,451,732	979,381	-	-
<b>Balance December 31, 2016</b>	<b>49,007,150</b>	<b>\$ 36,710,359</b>	<b>\$ 3,906,188</b>	<b>\$ 503,291</b>
Stock-based compensation	-	-	441,140	-
Issuance of common shares for cash pursuant to Exercise of warrants	362,973	105,262	-	-
<b>Balance September 30, 2017</b>	<b>49,370,123</b>	<b>\$ 36,815,621</b>	<b>\$ 4,347,328</b>	<b>\$ 503,291</b>

**10. Share-Based Payments****(a) Share Option Plans**

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant. The maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated share purchase options vest when granted.

The vesting schedule for employees and most non-employees is immediate. Non-employees providing Investor Relations services have various expiry dates determined at the time of issuance.

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The fair value of the options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2017</u>	<u>2016</u>
Dividend yield	Nil	Nil
Expected volatility	87.93%	134.23%
Risk-free rate of return	1.17%	0.89%
Expected life of options	5 years	5 years

Total share-based payments recognized in the interim consolidated statements of loss during the quarter ended September 30, 2017 was \$416,106 (September 30, 2016: \$257,412).

Information regarding the Company's outstanding and exercisable share purchase options is summarized as follows:

	Number of Share	Weighted Average Exercise Price (\$CDN)
Issued and outstanding common shares	49,370,123	-
Incentive stock options	4,245,000	\$ 0.42
Share purchase warrants	27,958,321	\$ 0.55
	81,573,444	-

The following table summarizes the Company's outstanding and exercisable share purchase options as of September 30, 2017:

<b>Stock options</b>	<b>Options</b>	<b>Exercise Price</b>
<b>Outstanding &amp; Exercisable at December 31, 2015</b>	<b>1,333,500</b>	<b>\$1.03</b>
Expired on February 8, 2016	(1,000)	\$8.50
Granted on February 4, 2016	1,450,000	\$0.25
Expired on May 2, 2016	(40,000)	\$6.40
Expired on August 19, 2016	(25,000)	\$6.00
<b>Outstanding &amp; Exercisable at December 31, 2016</b>	<b>2,717,500</b>	<b>\$0.48</b>
Granted on January 12, 2017	1,630,000	\$0.50
Expired on January 31, 2017	(6,500)	\$6.00
Expired on June 21, 2017	(141,000)	\$2.10
Granted on August 10, 2017	75,000	\$0.37
Cancelled on August 23, 2017	(30,000)	\$0.50
<b>Outstanding &amp; Exercisable at September 30, 2017</b>	<b>4,245,000</b>	<b>\$0.42</b>

The weighted average remaining contractual life of options outstanding at September 30, 2017 is 3.48 years (September 30, 2016: 4.0 years).

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**(b) Share Purchase Warrants and Agent Warrants**

As of September 30, 2017, the Company had outstanding and exercisable warrants and agent warrants for the purchase of 27,958,321 common shares, as follows:

<b>Issued Date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
<b>Outstanding at December 31, 2015</b>	<b>19,943,393</b>		
Issued for private placement - May 31, 2016	12,400,660	\$ 0.44	25-May-19
Agent warrants issued, finders' warrants for private placement, May 31, 2016	549,573	\$ 0.44	25-May-18
Exercised - Issued on December 10, 2015 #	(4,451,732)	\$ 0.22	10-Dec-19
<b>Outstanding at December 31, 2016</b>	<b>28,441,894</b>		
Finders' warrants exercised, April 3, 2017	(362,973)	\$ 0.29	25-May-18
Finders' warrants expired, June 19, 2017	(120,600)	\$ 0.50	19-Jun-17
<b>Outstanding at September 30, 2017</b>	<b>27,958,321</b>		
# Note these warrants have tiered exercise price of \$0.22 until Dec. 10, 2016, \$0.30 until Dec. 10, 2017, and \$0.40 thereafter until Dec. 10, 2019	<b>Weighted average price</b>	<b>\$ 0.55</b>	

**(c) Disclosure of Outstanding Share Data**

The following table summarizes the number of common shares, stock options and share purchase warrants as of September 30, 2017:

	<b>Amount</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Common Shares outstanding as of September 30, 2017	49,370,123		
Warrants	670,000	\$1.50	October 9, 2018
	2,009,000	\$1.00	June 19, 2019
	8,090,000	\$0.70	October 21, 2019
	428,000	\$0.50	October 21, 2019
	35,040	\$0.70	October 21, 2019
#	4,139,021	\$0.22	December 10, 2019
	12,400,660	\$0.44	May 25, 2019
	186,600	\$0.29	May 25, 2018
Employee Stock Options	35,000	\$2.30	November 15, 2017
	15,000	\$1.00	July 17, 2018
	1,040,000	\$0.50	March 13, 2020
	1,450,000	\$0.25	February 4, 2021
	1,630,000	\$0.50	January 12, 2022
	75,000	\$0.37	August 10, 2022
<b>Fully Diluted Shares Outstanding</b>	<b>81,573,444</b>		

# Note these warrants have tiered exercise price of \$0.22 until Dec. 10, 2016, \$0.30 until Dec. 10, 2017, and \$0.40 thereafter until Dec. 10, 2019

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**11. Related Party Transactions**

The Company incurred charges with key management personnel and companies with directors and officers in common as follows:

	<b>Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>
Consulting, directors and compensation	\$ 523,888	\$ 554,127
Stock based compensation	416,106	257,412
	<b>\$ 939,994</b>	<b>\$ 811,539</b>

These charges were in the normal course of operations and were measured by the exchange amount which is the amount agreed upon by the transacting parties.

As of September 30, 2017 and December 31, 2016 there were no funds due to or due from related parties.

**12. Financial Instruments and Other Instruments****(a) Fair Value of Financial Instruments**

The Company's financial instruments that are measured at fair market value on a recurring basis in periods subsequent to initial recognition and the fair value hierarchy used to measure them has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within 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: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The company's financial instruments include: cash and equivalents, accounts receivable, marketable securities, prepaid expenses, accounts payable, and due to related parties. The carrying value of cash and equivalents, accounts receivable, and accounts payable approximates their fair values.

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and amounts receivable are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalent by placing these instruments with large financial institutions. Deposits are insured by the governments up to US\$250,000 in the US and CAN\$100,000 in Canada, therefore the maximum amount that may be exposed to credit risk totaling cash, restricted cash, and amounts receivable for the nine months ended September 30, 2017 is \$1,858,687.

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**(c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current.

**(d) Foreign Exchange Risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has cash and working capital items of \$299,046 (September 30, 2016: \$668,715) denominated in US dollars. A ten percent change in the exchange rate would result in a \$19,905 (September 30, 2016: \$66,871) impact to the Company's net income (loss). The Company has Mexican peso cash and working capital items of \$176,664 (September 30, 2016: \$85,233). A ten percent change in the exchange rate would result in \$17,666 (September 30, 2016: \$8,523) impact to the Company's net income (loss). The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities and the risk is not significant.

**(e) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in consolidated financial statements is interest income on Canadian dollar cash and cash equivalents and interest expense on the note payable. The Company is not exposed to significant interest rate risk.

**(f) Management of Capital**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the exploration and development of its mineral properties, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or bring in earn-in partners. Due to the Company's business, the Company regularly enters into earn-in agreements where funds are forwarded as part of the option-in agreement. As such, these funds are restricted.

**13. Commitments**

The Company is committed to pay \$51,965 in office rentals for the year 2017.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian dollars)

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**14. Subsequent Events**

There are no subsequent events to report.