



Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30th, 2018

MILLROCK RESOURCES INC.

Notice

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, 2018 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, 2018, and December 31, 2017**(expressed in Canadian dollars)**Going concern - Note 2*

ASSETS	30-Sep-2018	31-Dec-2017
Current assets		
Cash and cash equivalents	\$ 479,981	\$ 1,760,727
Security deposit and restricted cash - Note 4	922,694	126,017
Marketable securities - Note 5	2,634,551	3,184,206
Amounts receivable	484,092	177,164
Prepaid expenses and deposit	56,955	77,077
Due from related parties - Note 9	-	-
Total current assets	\$ 4,578,273	\$ 5,325,191
Non-current assets		
Advances on exploration expenditures	\$ 48,344	\$ 48,303
Exploration and evaluation assets - Note 3	3,997,880	3,928,590
Property, plant and equipment - Note 6	44,079	315,892
Total non-current assets	\$ 4,090,303	\$ 4,292,785
TOTAL ASSETS	\$ 8,668,576	\$ 9,617,976
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,040,070	\$ 748,785
Income tax payable	77,966	75,989
Project cost advance received	670,767	89,647
Note payable - Note 7	-	66,627
Due to related parties - Note 11	14,000	10,000
Total current liabilities	\$ 1,802,803	\$ 991,048
Non-current liabilities		
Asset retirement obligation - Note 8	\$ 47,000	\$ 47,000
Deferred tax liability	52,378	48,347
Total non-current liabilities	\$ 99,378	\$ 95,347
Total liabilities	\$ 1,902,181	\$ 1,086,395
Shareholders' equity		
Share capital - Note 9	\$ 38,672,646	\$ 38,672,646
Reserves		
Share-based payments - Note 10	4,662,984	4,459,310
Warrants - Note 10	503,291	503,291
Accumulated Other comprehensive income	(6,231)	(19,001)
Deficit	(37,066,295)	(35,084,665)
Total shareholders' equity	\$ 6,766,395	\$ 8,531,581
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 8,668,576	\$ 9,617,976

*These financial statements were approved and authorized for issue by the Board of Directors on November 27, 2018.**They were signed on its behalf by:*

Approved by the directors

Gregory Beischer

Gregory Beischer

Larry Cooper

Larry Cooper

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, 2018 and 2017
(expressed in Canadian dollars)

Going concern - Note 2

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue				
Overhead recovery fees	\$ 460,302	\$ 233,172	\$ 926,747	\$ 384,734
	460,302	233,172	926,747	384,734
General and administrative expense				
Accounting, audit and legal	55,201	35,551	254,889	169,502
Amortization and depreciation - Note 6	7,661	8,803	26,818	25,956
Consulting, directors and salaries - Note 10	123,003	78,892	570,732	438,875
Foreign exchange (gain)/loss	74,595	(708)	78,073	44
General exploration	57,734	(21,477)	321,922	305,827
Investor relations	85,853	144,821	419,119	450,749
Office and miscellaneous expense	193,547	153,556	591,397	576,981
Stock-based compensation - Note 9	-	-	171,054	416,106
	597,594	399,438	2,434,004	2,384,040
Loss before other items	\$ (137,292)	\$ (166,266)	\$ (1,507,257)	\$ (1,999,306)
Other items				
Gain on disposal of assets - Note 6	15,900	-	15,900	-
Unrealized gain/(loss) on marketable securities - Note 5	(1,214,429)	2,828,093	(897,889)	2,845,328
Write-off of exploration and evaluation assets - Note 8	(58,408)	-	(58,408)	-
Gain on marketable securities - Note 5	93,214	-	93,214	-
Net loss before income taxes	\$ (1,301,015)	\$ 2,661,827	\$ (2,354,439)	\$ 846,022
Income tax (Expense)/Recovery	-	-	-	-
Net loss before other comprehensive loss	\$ (1,301,015)	\$ 2,661,827	\$ (2,354,439)	\$ 846,022
Other comprehensive income/(loss)				
Cumulative translation adjustment	(112,644)	(157,572)	385,579	(145,454)
Comprehensive gain/(loss) for the period	\$ (1,413,658)	\$ 2,504,255	\$ (1,968,860)	\$ 700,568
Basic and diluted gain/(loss) per share	\$ (0.02)	\$ 0.04	\$ (0.04)	\$ 0.01
Weighted average number of shares outstanding - basic and diluted	56,890,123	49,370,123	56,890,123	49,370,123

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, 2018 and 2017**(expressed in Canadian dollars)*

Going concern - Note 2

	For the Nine Months Ended	
	2018	2017
Cash provided from (used for)		
Operating activities		
Net loss	\$ (2,354,439)	\$ (1,999,306)
Items not involving cash		
Amortization and depreciation - Note 6	26,818	25,956
Write-off of exploration and evaluation assets - Note 8	58,408	-
Accretion of note payable - Note 7	-	9,252
Stock-based compensation	171,054	528,088
Unrealized gain on marketable securities	555,889	-
	\$ (1,542,271)	\$ (1,436,010)
Net change in non-cash working capital items		
Amounts receivable	\$ (306,928)	\$ (186,090)
Prepaid expenses and deposits	20,122	(1,947)
Accounts payable and accrued liabilities	(116,476)	(24,766)
Income tax payable	1,977	(3,922)
Project cost advance received	581,120	1,498,108
Due to related parties - Note 11	4,000	-
Total cash outflows used in operating activities	\$ (1,358,456)	\$ (154,627)
Cashflows from investing activities		
Advances on exploration expenditures	\$ 41	\$ 176,199
Sale of marketable securities - Note 6	641,719	-
Net expenditures on exploration and evaluation assets	(28,086)	(616,539)
Purchase of equipment and property - Note 6	(7,830)	(3,744)
Proceeds from sale of equipment	268,544	-
Total outflows from investing activities	\$ 874,387	\$ (444,084)
Cashflows from financing activities		
Security deposit and restricted cash	\$ (796,677)	\$ 9,315
Note payable - Note 7	-	(74,738)
Total inflows from financing activities	\$ (796,677)	\$ (65,423)
(Decrease)/Increase in cash and cash equivalents	\$ (1,280,746)	\$ (664,133)
Cash and cash equivalents, beginning of the period	1,760,727	2,419,693
Cash and cash equivalents, end of the period	\$ 479,981	\$ 1,755,560

See accompanying notes to the consolidated financial statements

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

Period From December 31, 2016 to September 30, 2018

(expressed in Canadian dollars)

Going concern - Note 2

	Common Shares (Note 8)		Reserves			Deficit	Total Shareholders' Equity
	Shares	Amount	Share-based Payment	Warrants	Other Comprehensive Income		
Balance, December 31, 2016	49,007,150	36,710,359	3,906,188	503,291	(55,580)	(34,664,635)	6,399,623
Issuance of common shares for cash pursuant to exercise of options	362,973	105,262	-	-	-	-	105,262
Stock-based compensation	-	-	553,122	-	-	-	553,122
Cumulative translation adjustment	-	-	-	-	(145,454)	-	(145,454)
Unrealized net loss on available-for-sale marketable securities	-	-	-	-	2,845,328	-	2,845,328
Loss for the period	-	-	-	-	-	(1,999,306)	(1,999,306)
Balance, September 30, 2017	49,370,123	36,815,621	4,459,310	503,291	2,644,294	(36,663,941)	7,758,575
Issuance of common shares for exploration and evaluation assets	550,000	173,250	-	-	-	-	173,250
Issuance of common shares for cash pursuant to private placements	6,970,000	1,742,500	-	-	-	-	1,742,500
Share issue costs and finder's fee	-	(58,725)	-	-	-	-	(58,725)
Cumulative translation adjustment	-	-	-	-	(145,700)	-	(145,700)
Unrealized net loss on available-for-sale marketable securities	-	-	-	-	(2,517,595)	-	(2,517,595)
Loss for the period	-	-	-	-	-	1,579,276	1,579,276
Balance, December 31, 2017 and January 1, 2018	56,890,123	38,672,646	4,459,310	503,291	(19,001)	(35,084,665)	8,531,581
Impact of adopting IFRS 9 on January 1, 2018 (note 2)	-	-	-	-	(372,809)	372,809	-
Balance, December 31, 2017 and January 1, 2018 (restated)	56,890,123	38,672,646	4,459,310	503,291	(391,810)	(34,711,856)	8,531,581
Stock-based compensation	-	-	203,674	-	-	-	203,674
Cumulative translation adjustment	-	-	-	-	385,579	-	385,579
Loss for the period	-	-	-	-	-	(2,354,439)	(2,354,439)
Balance, September 30, 2018	56,890,123	38,672,646	4,662,984	503,291	(6,231)	(37,066,295)	6,766,395

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

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, 2017.

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)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

IFRS Standards Adopted**IFRS 9 Financial Instruments**

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	amortized cost	amortized cost
Security deposits and restricted cash	amortized cost	amortized cost
Accounts receivables	amortized cost	amortized cost
Marketable securities	FVOCI	FVTPL
Accounts payable and accrued liabilities	amortized cost	amortized cost
Note payable	amortized cost	amortized cost
Due to related parties	amortized cost	amortized cost

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

The Statement of changes in stockholders' equity shows the impact of the adoption of IFRS 9 to the opening accumulated deficit on January 1, 2018.

b) Measurement**Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

d) Derecognition**Financial assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

IFRS 15 Revenue from Contracts with Customers

On January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on January 1, 2018 using the full retrospective approach. As the Company already observed a similar revenue recognition process, there was no impact on adoption of IFRS 15.

IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the 'risks and rewards' of the goods or services transfer to the customer.

Revenue for the Company is derived from overhead recovery fees. It is recognized when the services are provided, when persuasive evidence of an arrangement exists, the fixed price is determinable, and there is reasonable assurance of collection. Overhead recovery fees are generated when the Company operates an exploration program under a budget approved by the earn-in partner. The Company charges the earn-in partner a pre-determined fee based on a percentage of the total exploration expenditures incurred.

IFRS Standards Issued But Not Yet Effective**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 standard in the Company's consolidated financial statements as of the effective date, 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, 2018, the Company had not yet achieved profitable operations, but had working capital of \$2,775,470 (December 31, 2017: \$4,334,143) and accumulated deficit of \$37,066,295 (December 31, 2017 \$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

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

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 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 became aware of a problem with title on a portion of claims under the Liberty Bell Project. During the quarter Millrock was able to resolve the issue.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Alaska		Other	USA
	Stellar	Liberty Bell		Total
Balance at December 31, 2017	\$ -	\$ 303,552	961,366	\$ 1,264,917
Addition during the year				
Option costs:				
Option payments - cash	-	-	75,906	75,906
	-	-	75,906	75,906
Exploration costs:				
Non-reimbursable costs	75,738	76,292	-	152,030
Acquisition	2,407	231,736	169,713	403,856
Drilling	1,265,652	-	-	1,265,652
Geochemistry	366,000	1,154	4,258	371,411
Geology	746,737	177,863	81,458	1,006,059
Geophysics	101,147	61,533	-	162,680
Environmental and permitting	57,124	26,712	52	83,888
External relations	311	-	255	566
Support and equipment	1,946,703	188,833	34,088	2,169,625
	4,561,819	764,123	289,824	5,615,766
Less:				
Recoveries	4,290,078	687,831	4,542	4,982,451
	4,290,078	687,831	4,542	4,982,451
Net additions	271,741	76,292	361,188	709,221
Foreign currency translation	5,876	10,622	41,135	57,633
Balance at September 30, 2018	\$ 277,617	\$ 390,466	\$ 1,363,689	2,031,771

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Mexico							British Columbia	Corporate	
	Los Cuarentas	Guadalcazar	Ramard	Los Chinos	Picacho	Navidad	Other			Total
Balance at December 31, 2017	\$ 558,822	\$ 457,971	\$ 68,426	\$ 50,270	\$ -	\$ 9,690	280,954	\$ 1,426,126	\$ 1,237,546	\$ 3,928,590
Addition during the year										
Option costs:										
Option payments - cash	-	-	-	-	-	-	-	-	-	75,906
	-	-	-	-	-	-	-	-	-	75,906
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	-	152,030
Acquisition	55,221	2,361	12,972	21,702	141,548	63,884	62,874	360,562	-	764,418
Drilling	-	-	-	-	15,842	401,983	-	417,825	-	1,683,477
Geochemistry	2,710	-	3,577	-	123,777	210,710	1,528	342,302	407	714,119
Geology	77,636	29,795	11,211	6,262	180,223	253,006	81,987	640,121	31,664	1,677,843
Geophysics	-	-	-	-	-	-	-	-	-	162,680
Environmental and permitting	-	-	-	-	-	-	-	-	-	83,888
External relations	-	-	-	-	-	-	-	-	-	566
Support and equipment	19,543	7,154	2,221	1,190	174,521	286,715	24,012	515,356	3,325	2,688,306
	155,110	39,310	29,980	29,154	635,911	1,216,298	170,402	2,276,165	35,396	7,927,328
Less:										
Recoveries	-	-	-	-	635,488	1,226,411	-	1,861,899	275,724	7,120,074
Shares received	-	-	-	-	-	-	-	-	938,810	938,810
Write off	-	-	-	-	-	-	-	-	58,408	58,408
	-	-	-	-	635,488	1,226,411	-	1,861,899	1,272,942	8,117,292
Net additions	155,110	39,310	29,980	29,154	423	(10,113)	170,402	414,267	(1,237,546)	(114,058)
Foreign currency translation	49,232	38,419	6,328	4,650	(423)	428	27,079	125,715	-	183,348
Balance at September 30, 2018	\$ 763,164	\$ 535,701	\$ 104,734	\$ 84,070	\$ -	\$ 10	\$ 478,436	\$ 1,966,108	-	\$ 3,997,880

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(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	-	-	245,407	27,118	1,585	274,110
Acquisition	-	-	98,688	101,615	274,876	475,179
Drilling	-	-	753,627	-	752	754,379
Geochemistry	-	-	31,711	94,933	4,328	130,972
Geology	-	-	120,627	174,198	133,877	428,701
Geophysics	-	-	81,838	-	34,680	116,519
Environmental and permitting	-	-	52,497	31,062	30,365	113,924
External relations	-	-	-	-	-	-
Support and equipment	-	-	860,658	256,072	74,101	1,190,831
	-	-	2,245,054	684,998	554,564	3,484,616
Less:						
Recoveries	-	-	1,999,516	790,261	219,370	3,009,147
Shares received	-	-	238,395	-	-	238,395
	-	-	2,237,911	790,261	219,370	3,247,542
Net additions	-	-	7,143	27,117	335,194	369,453
Foreign currency translation	-	-	(7,143)	(21,025)	(53,566)	(81,734)
Balance at December 31, 2017	\$ -	\$ -	\$ -	\$ 303,551	\$ 961,366	\$ 1,264,917

*Property was fully written off in 2016

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(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	-	-	-	-	-	-	-	-	173,250	173,250
	-	-	-	-	-	-	-	-	173,250	305,630
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	7,253	281,363
Acquisition	84,723	1,358	10,112	9,492	108,044	37,789	134,408	385,926	36,924	898,029
Drilling	25,366	-	-	-	2,172	272,238	-	299,776	-	1,054,155
Geochemistry	82,164	3,907	1,816	9,877	84,061	164,371	45,679	391,874	174,855	697,701
Geology	184,068	13,576	6,493	46,955	131,050	270,563	133,619	786,323	310,014	1,525,039
Geophysics	-	-	-	-	-	-	-	-	28,483	145,002
Environmental and permitting	-	-	-	-	-	-	-	-	-	113,924
External relations	-	-	-	-	-	-	-	-	-	-
Support and equipment	84,622	2,163	746	14,743	68,868	211,270	20,653	403,065	139,245	1,733,142
	460,943	21,004	19,167	81,067	394,195	956,231	334,358	2,266,964	696,775	6,448,355
Less:										
Recoveries	390,665	-	-	65,419	397,139	1,072,892	183,774	2,109,888	488,165	5,607,200
Shares received	-	-	-	-	-	-	-	-	540,000	778,395
	390,665	-	-	65,419	397,139	1,072,892	183,774	2,109,888	1,028,165	6,385,595
Net additions	70,278	21,004	19,167	15,648	(2,944)	(116,661)	150,585	157,076	(158,140)	368,390
Foreign currency translation	(15,137)	(10,417)	(2,163)	(1,510)	2,944	21,872	(9,275)	(13,687)	-	(95,421)
Balance at December 31, 2017	\$ 558,822	\$ 457,971	\$ 68,426	\$ 50,270	\$ -	\$ 9,690	\$ 280,954	\$ 1,426,126	\$ 1,237,546	\$ 3,928,590

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

Alaska Properties**(a) Alaska Range Project (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 subject to a royalty payable to Altius 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 funded exploration work and made the payments necessary to keep the property in good standing, and 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 owned an option on adjacent claims covering the Caribou Dome copper deposit. The combined Stellar – Caribou Dome claim groups were renamed the Alaska Range Project. Coventry then changed its name to PolarX Limited (“PolarX”). PolarX is listed on the Australian stock exchange. Millrock received 25,653,968 PolarX shares as part of the transaction representing 10.738% of the company at the time. Millrock is entitled to a 1% NSR production royalty on the Stellar portion of the project, as well as advanced minimum royalty payments of and a milestone payment if a certain resource is defined.

(b) 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. Subsequently the deal was renegotiated. In order to exercise the option Millrock must pay the owners cash totaling US\$700,000 over the life of the option in order to gain a 100% interest. On March 2, 2017 Millrock announced that it had formed an option to joint venture agreement with Kinross Gold Corporation (“Kinross”). Under the terms of the agreement Kinross assumed property holding costs and could have earned a 70% joint venture interest. Subsequent to quarter-end Kinross advised Millrock that it was terminating the option agreement with an effective date of December 8, 2018. A title issue with the property was resolved.

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

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

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 of 2017 Millrock made an option to purchase agreement with Sojourn Ventures Inc., which was subsequently renamed Sojourn Exploration Inc. ("Sojourn"). Sojourn could earn a 100% interest in the Willoughby and Oweege Dome projects by making share payments over time. Additionally, Millrock granted a right of first refusal to Sojourn concerning the Todd Creek project. In the first quarter of 2018 Millrock agreed in a Letter of Intent to change the agreements and sell all three projects to Sojourn. The definitive agreement was contingent upon Sojourn securing financing of at least \$2.5 million. During the third quarter of 2018 Sojourn secured financing and the definitive agreement was executed. Presently, Millrock owns 16.1% of the shares of Sojourn and is entitled to royalties on the Todd Creek, Oweege Dome and Willoughby properties. Upon completion of the transaction Millrock wrote off \$58,408 of BC exploration assets.

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 include: 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 were subject to a net smelter return royalty payable to Pembroke Mining Corporation, which subsequently sold the royalties to Sandstorm Gold Royalties. 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. The option on Guadalcazar was exercised and Millrock owns the property. Millrock has been seeking partners for the various projects and has attracted two different partners to three projects to date.

(c) 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 provided 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 in 2017. Millrock is actively marketing the property to potential partners.

(d) Los Cuarentas, Mexico

On March 30, 2016 Millrock entered into an earn-in option agreement with Centerra concerning the Los Cuarentas project in northern Sonora, Mexico, pursuant to which Centerra agreed to fund a \$70,000 initial exploration program. The agreement provided 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 in 2017. Millrock is actively marketing the property to potential partners.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

(e) 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.

(f) 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.

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

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 and restricted cash for the quarter ended September 30, 2018 totals \$922,694 (December 31, 2017: \$126,017).

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.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

Quoted equity shares	9/30/2018			12/31/2017		
	# of shares	per share	Fair Value	# of shares	per share	Fair Value
Riverside Resources, Inc TSX-V: RRI	100,000	0.18	18,000	100,000	0.36	36,000
PolarX Limited ASX: PXX	19,203,968	0.076	1,461,741	25,653,968	0.115	2,950,206
Sojourn Exploration Inc. TSX-V: SOJ	9,623,417	0.12	1,154,810	1,800,000	0.11	198,000
Total Marketable Securities			\$ 2,634,551			\$ 3,184,206

The Company has an unrealized loss of \$897,899 on shares for the nine months ended September 30, 2018. During the quarter the Company sold 6,450,000 shares of PolarX stock for a gain of \$93,214. Upon closing of the Sojourn transaction the Company received 7,823,417 additional shares of Sojourn. The shares are restricted from selling for a period of one year.

6. Property, Plant and Equipment

	Furniture and fixtures	Office equipment	Leasehold improvement	Software	Vehicle	Building	Total
Cost							
Balance at January 1, 2017	\$ 22,565	\$ 384,506	\$ 21,181	\$ 96,902	\$ 86,961	\$ 260,742	\$ 872,857
Additions	-	10,014	7,548	-	27,865	-	45,427
Disposals	-	-	-	-	(5,450)	-	(5,450)
Foreign currency translation	(1,482)	(26,807)	(1,489)	(6,365)	(4,385)	-	(40,529)
Balance at December 31, 2017	\$ 21,083	\$ 367,713	\$ 27,240	\$ 90,537	\$ 104,991	\$ 260,742	\$ 872,306
Additions	-	7,830	-	-	-	-	7,830
Disposals	-	-	-	-	(23,775)	(260,742)	(284,517)
Foreign currency translation	672	15,759	869	2,887	7,157	-	27,344
Balance at September 30, 2018	\$ 21,755	\$ 391,302	\$ 28,109	\$ 93,424	\$ 88,373	\$ -	\$ 622,964
Depreciation and impairment losses							
Balance at January 1, 2017	\$ 22,565	\$ 359,683	\$ 21,181	\$ 96,902	\$ 58,446	\$ 2,804	\$ 561,581
Depreciation for the year	-	16,173	630	-	11,559	5,892	34,254
Disposals	-	-	-	-	(2,271)	-	(2,271)
Foreign currency translation	(1,482)	(26,853)	(1,399)	(6,365)	(1,050)	-	(37,149)
Balance at December 31, 2017	\$ 21,083	\$ 349,003	\$ 20,412	\$ 90,537	\$ 66,684	\$ 8,696	\$ 556,414
Depreciation for the year	-	7,299	5,748	-	10,825	2,946	26,818
Disposals	-	-	-	-	(11,887)	(11,642)	(23,529)
Foreign currency translation	672	11,638	682	2,887	3,303	-	19,181
Balance at September 30, 2018	\$ 21,755	\$ 367,939	\$ 26,842	\$ 93,424	\$ 68,925	\$ -	\$ 578,884
Carrying amounts							
Balance at January 1, 2017	\$ -	\$ 24,824	\$ -	\$ -	\$ 28,514	\$ 257,938	\$ 311,276
Balance at December 31, 2017	\$ -	\$ 18,710	\$ 6,829	\$ -	\$ 38,307	\$ 252,046	\$ 315,892
Balance at September 30, 2018	\$ -	\$ 23,363	\$ 1,267	\$ -	\$ 19,448	\$ -	\$ 44,079

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

The property purchased during the quarter ended September 30, 2016 is financed by a note payable referred to in Note 7. On June 8, 2018 the building and real property was sold for \$265,000, and the balance of the note was paid off. The transaction resulted in a \$15,900 gain for the Company. In the third quarter the company disposed of 2 vehicles from its Mexican office resulting in no gain or loss on the transaction.

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. The balance of the note was paid off with the sale of the property in June, 2018.

8. Provisions

The Company recognized \$47,000 of asset retirement obligations in the quarter ended September 30, 2018 (December 31, 2017 \$47,000) 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 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: 56,890,123 common shares (September 30, 2017: 49,370,123).

	Number of Shares	Share Capital	Share-based payment	Warrants
Balance December 31, 2016	49,007,150	\$ 36,710,359	\$ 3,906,188	\$ 503,291
Issued for mineral properties	550,000	173,250	-	-
Stock-based compensation	-	-	553,122	-
Issued for cash pursuant to Private placements	6,970,000	1,742,500	-	-
Share issue costs and finder's fee		(58,725)	-	-
Issuance of common shares for cash pursuant to Exercise of warrants	362,973	105,262	-	-
Balance December 31, 2017	56,890,123	\$ 38,672,646	\$ 4,459,310	\$ 503,291
Stock-based compensation			203,674	-
Balance September 30, 2018	56,890,123	\$ 38,672,646	\$ 4,662,984	\$ 503,291

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

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.

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>2018</u>	<u>2017</u>
Dividend yield	Nil	Nil
Expected volatility	87.19%	87.93%
Risk-free rate of return	1.64%	1.17%
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, 2018 was \$203,674 (September 30, 2017: \$553,122).

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

	Number of Share	Weighted Average Exercise Price (\$CDN)
Incentive stock options	5,260,000	\$ 0.37
Share purchase warrants	34,741,721	\$ 0.53
	40,001,721	-

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

The following table summarizes the Company's outstanding and exercisable share purchase options as of September 30, 2018:

Stock options	Options	Exercise Price
Outstanding & Exercisable at December 31, 2016	2,717,500	\$0.48
Granted on January 12, 2017	1,630,000	\$0.50
Expired on January 31, 2017	(6,500)	\$4.75
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
Expired on November 15, 2017	(35,000)	\$2.30
Outstanding & Exercisable at December 31, 2017	4,210,000	\$0.42
Granted on March 26, 2018	1,295,000	\$0.23
Expired on July 13, 2018	(15,000)	\$1.00
Forfeited on September 9, 2018	(230,000)	\$0.37
Outstanding & Exercisable at September 30, 2018	5,260,000	\$0.37

The weighted average remaining contractual life of options outstanding at September 30, 2018 is 2.97 years (September 30, 2017: 3.48 years).

(b) Share Purchase Warrants and Agent Warrants

As of September 30, 2018, the Company had outstanding and exercisable warrants and agent warrants for the purchase of 34,741,721 common shares, as follows:

Issued Date	Number of Warrants	Exercise Price	Expiry Date
Outstanding at December 31, 2016	28,441,894		
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
Warrants issued for private placement, December 15, 2017 *	6,970,000	\$ 0.35	15-Dec-20
Outstanding at December 31, 2017	34,928,321		
Finders' warrants expired, May 25, 2018	(186,600)	\$ 0.29	25-May-18
Outstanding at September 30, 2018	34,741,721		
* Note these warrants have tiered exercise price of \$0.35 until Dec. 15, 2018, \$0.45 until Dec. 15, 2019, and \$0.55 thereafter until Dec. 15, 2020	Weighted average price	\$ 0.53	

(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, 2018:

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

	Amount	Exercise Price	Expiry Date
Common Shares outstanding as of December 31, 2017	56,890,123		
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	\$0.40	December 10, 2019
	12,400,660	\$0.44	May 25, 2019
	* 6,970,000	\$0.35	December 15, 2020
Employee Stock Options	1,010,000	\$0.50	March 13, 2020
	1,400,000	\$0.25	February 4, 2021
	1,530,000	\$0.50	January 12, 2022
	75,000	\$0.37	August 10, 2022
	1,245,000	\$0.23	March 26, 2023
Fully Diluted Shares Outstanding	96,891,844		

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

* Note these warrants have tiered exercise price of \$0.35 until Dec. 15, 2018, \$0.45 until Dec. 15, 2019, and \$0.55 thereafter until Dec. 15, 2020

11. Related Party Transactions

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

	Nine Months Ended September 30	
	2018	2017
Consulting, directors and compensation	\$ 502,225	\$ 369,720
Stock based compensation	203,674	553,122
	\$ 705,899	\$ 922,842

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, 2018, there was \$14,000 (December 31, 2017: \$10,000) due to related parties for accrued directors' fees. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

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

The company's financial instruments include: cash and equivalents, accounts receivable, marketable securities, security deposit and restricted cash, prepaid expenses, accounts payable and accrued liabilities, note payable, and due to related parties. The carrying value of cash and equivalents, accounts receivable, security deposit and restricted cash, prepaid expenses, accounts

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

payable and accrued liabilities, note payable, and due to related parties 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, 2018 is \$1,473,142.

(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 \$293,387 (September 30, 2017: \$299,046) denominated in US dollars. A ten percent change in the exchange rate would result in a \$29,338 (September 30, 2017: \$29,905) impact to the Company's net income (loss). The Company has Mexican peso cash and working capital items of \$122,747 (September 30, 2017: \$176,664). A ten percent change in the exchange rate would result in \$12,275 (September 30, 2017: \$17,666) 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.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

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 the following in office rentals for future years:

Year	Payments
2018	\$ 76,315
2019	\$ 77,552
2020	\$ 78,826

14. Subsequent Events

Millrock sold 9,203,968 PolarX shares for proceeds of \$359,063USD on November 6, 2018.

Kinross advised Millrock that it will terminate the option agreement concerning the Liberty Bell project effective December 3, 2018.