



Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2019

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, 2019 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, 2019, and December 31, 2018**(expressed in Canadian dollars)*

Going concern - Note 2

ASSETS	30-Sep-2019	31-Dec-2018
Current assets		
Cash and cash equivalents	\$ 1,508,550	\$ 779,166
Security deposit and restricted cash - Note 4	-	64,800
Marketable securities - Note 5	568,038	1,510,341
Amounts receivable	145,121	456,960
Prepaid expenses and deposit	30,273	55,776
Total current assets	\$ 2,251,982	\$ 2,867,043
Non-current assets		
Advances on exploration expenditures	\$ 1,376	\$ 48,417
Right of use asset - Note 7	274,235	-
Exploration and evaluation assets - Note 3	3,177,743	3,505,099
Property, plant and equipment - Note 6	3,624	38,346
Total non-current assets	\$ 3,456,978	\$ 3,591,862
TOTAL ASSETS	\$ 5,708,960	\$ 6,458,905
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 659,044	\$ 541,533
Income tax payable	79,438	81,410
Project cost advance received	121,754	9,888
Lease liability current portion - Note 7	85,691	-
Due to related parties - Note 12	169,458	27,182
Total current liabilities	\$ 1,115,385	\$ 660,013
Non-current liabilities		
Asset retirement obligation - Note 9	\$ -	\$ 47,000
Lease liability long term portion - Note 7	188,543	-
Deferred tax liability	69,781	32,000
Total non-current liabilities	\$ 258,324	\$ 79,000
Total liabilities	\$ 1,373,709	\$ 739,013
Shareholders' equity		
Share capital - Note 11	\$ 42,151,541	\$ 39,662,935
Reserves		
Share-based payments - Note 11	4,784,209	4,662,984
Warrants - Note 11	544,849	518,502
Accumulated other comprehensive income	(264,289)	(41,185)
Deficit	(42,881,060)	(39,083,344)
Total shareholders' equity	\$ 4,335,251	\$ 5,719,892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 5,708,960	\$ 6,458,905

*These financial statements were approved and authorized for issue by the Board of Directors on November 27, 2019.**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, 2019 and 2018**(expressed in Canadian dollars)*

Going concern - Note 2

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue				
Overhead recovery fees	\$ 98,191	\$ 460,302	\$ 145,592	\$ 926,747
Exploration services revenue	\$ 613,431	\$ 3,061,355	\$ 695,123	\$ 4,746,650
	711,622	3,521,657	840,715	5,673,397
Cost of sales				
Direct cost of exploration services	534,495	2,783,050	587,541	4,315,136
General and administrative expense				
Accounting, audit and legal	31,828	55,201	205,234	254,889
Amortization and depreciation - Note 6	(5,696)	7,661	4,052	26,818
Amortization of right of use asset - Note 7	16,863	-	50,919	-
Consulting, directors and salaries - Note 10	242,761	123,003	737,020	570,732
Foreign exchange (gain)/loss	(631)	74,595	564	78,073
General exploration	41,602	57,734	64,438	321,922
Interest expense of lease liability - Note 7	3,416	-	10,991	-
Investor relations	46,844	85,853	184,647	419,119
Office and miscellaneous expense	106,427	193,547	317,661	591,397
Stock-based compensation - Note 9	108,633	-	108,633	171,054
	592,047	597,594	1,684,159	2,434,004
Loss before other items	\$ (414,920)	\$ 141,013	\$ (1,430,985)	\$ (1,075,743)
Other items				
(Loss)/Gain on disposal of assets - Notes 5 & 6	(845,819)	15,900	(845,819)	15,900
Unrealized gain/(loss) on marketable securities - Note 5	(94,734)	(1,214,429)	(437,553)	(897,889)
Write-off of exploration and evaluation assets - Note 3	(11,836)	(58,408)	(982,042)	(58,408)
(Loss)/Gain on marketable securities - Note 5	-	93,214	(101,316)	93,214
Net loss before income taxes	\$ (1,367,309)	\$ (1,022,710)	\$ (3,797,716)	\$ (1,922,925)
Income tax (Expense)/Recovery	-	-	-	-
Net loss before other comprehensive loss	\$ (1,367,309)	\$ (1,022,710)	\$ (3,797,716)	\$ (1,922,925)
Other comprehensive income/(loss)				
Cumulative translation adjustment	(125,870)	(112,644)	(223,104)	385,579
Comprehensive gain/(loss) for the period	\$ (1,493,179)	\$ (1,135,354)	\$ (4,020,820)	\$ (1,537,346)
Basic and diluted gain/(loss) per share	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.04)
Weighted average number of shares outstanding - basic and diluted	96,344,608	56,890,123	71,805,850	56,890,123

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, 2019 and 2018**(expressed in Canadian dollars)*

Going concern - Note 2

	For the Nine Months Ended	
	2019	2018
Cash provided from (used for)		
Operating activities		
Net loss	\$ (3,797,716)	\$ (2,354,439)
Items not involving cash		
Amortization and depreciation - Note 6	4,052	26,818
Loss/(Gain) on disposal of mineral property	845,819	-
Impairment/ Write-off of exploration and evaluation assets - Note 8	982,042	58,408
Amortization of right of use asset - Note 7	50,919	-
Interest expense of right of use asset	10,991	-
Stock-based compensation	108,633	171,054
Unrealized loss on marketable securities	437,553	555,889
	\$ (1,357,706)	\$ (1,542,271)
Net change in non-cash working capital items		
Amounts receivable	\$ 311,839	\$ (306,928)
Prepaid expenses and deposits	25,503	20,122
Accounts payable and accrued liabilities	64,091	(116,476)
Income tax payable	(1,972)	1,977
Project cost advance received	111,866	581,120
Asset retirement obligation	(47,000)	-
Due to related parties - Note 15	142,276	4,000
Total cash outflows used in operating activities	\$ (751,104)	\$ (1,358,456)
Cashflows from investing activities		
Advances on exploration expenditures	\$ (47,041)	\$ 41
Sale of marketable securities - Note 5	597,178	641,719
Net expenditures on exploration and evaluation assets	(1,709,359)	(28,086)
Purchase of equipment and property - Note 6	-	(7,830)
Proceeds from sale property and equipment - Note 6	35,000	268,544
Total outflows from investing activities	\$ (1,124,222)	\$ 874,388
Cashflows from financing activities		
Security deposit and restricted cash	\$ 64,800	\$ (796,677)
Shares issued for cash - Note 11	2,577,475	-
Repayment of lease liability	(37,565)	-
Note payable - Note 8	-	-
Total inflows from financing activities	\$ 2,604,710	\$ (796,677)
(Decrease)/Increase in cash and cash equivalents	\$ 729,384	\$ (1,280,745)
Cash and cash equivalents, beginning of the period	779,166	1,760,727
Cash and cash equivalents, end of the period	\$ 1,508,550	\$ 479,981

See accompanying notes to the consolidated financial statements

MILLROCK RESOURCES INC.
(An Exploration Stage Company)

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

Period From December 31, 2017 to September 30, 2019

(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, 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)					(320,859)	320,859	-
Balance, December 31, 2017 and January 1, 2018 (restated)	56,890,123	38,672,646	4,459,310	503,291	(339,860)	(34,763,806)	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	45,719	(37,118,245)	6,766,395
Issuance of common shares for cash pursuant to private placements	10,445,000	1,044,500			-	-	1,044,500
Share issue costs and finder's fee		(54,211)		15,211	-	-	(39,000)
Cumulative translation adjustment	-	-	-	-	(86,904)	-	(86,904)
Loss for the period	-	-	-	-	-	(1,965,099)	(1,965,099)
Balance, December 31, 2018	67,335,123	39,662,935	4,662,984	518,502	(41,185)	(39,083,344)	5,719,892
Issuance of common shares for cash pursuant to private placements	28,175,855	2,577,475			-	-	2,577,475
Share issue costs and finder's fee		(88,870)		26,348	-	-	(62,522)
Stock-based compensation			121,225		-	-	121,225
Cumulative translation adjustment	-	-	-	-	(223,104)	-	(223,104)
Unrealized net loss on available-for-sale marketable securities							-
Loss for the period	-	-	-	-	-	(3,797,716)	(3,797,716)
Balance, September 30, 2019	95,510,978	42,151,540	4,784,209	544,849	(264,289)	(42,881,060)	4,335,250

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2019

(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, 2018 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, 2018.

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.

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(An Exploration Stage Company)

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IFRS Standards Adopted**IFRS 16 Leases**

In January 2016, the IASB released IFRS 16, which requires to be applied for years beginning on or after January 1, 2019, and which supersedes IAS 17 Leases ("IAS 17"). Effective January 1, 2019, the Company adopted this new accounting standard. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use ("ROU") assets and lease liabilities on the statement of financial position, including those for most leases that would currently be accounted for as operating leases. Both leases with durations of 12 months or less and leases for low-value assets may be exempted.

The Company has office leases for its headquarter in Anchorage, Alaska. In the context of the transition to IFRS 16, ROU assets of \$330,960 and lease liabilities of \$330,960 were recognized as at January 1, 2019, in accordance with the modified retrospective approach. As a transitional practical expedient permitted by IFRS 16 as at January 1, 2019, only contracts that were previously identified as leases applying IAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease, were assessed as part of the transition to the new standard. Only contracts entered into (or modified) after January 1, 2019 have been assessed for being, or containing, leases applying the criteria of the new standard.

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of ROU assets. These include: determining contracts that are within the scope of IFRS 16; determining the contract term; and determining the interest rate used for the discounting of future cash flows.

The ROU assets are recognized initially at the value of lease liabilities at recognition with any prepaid payments, initial direct costs and dismantling costs less any lease incentives received. Re-measurements will not be applied by the Company subsequently, except for assessment for impairment, where appropriate.

The lease term determined by the Company comprises the non-cancellable period of lease contracts; the period covered by an option to extend the leases, if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option. The amortization rate of ROU assets is based on the lease term determined. The present value of the lease payment is determined using the discount rate representing the weighted average incremental borrowing rate the Company could secure. There are no restrictions or covenants imposed by the Company's leases.

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, 2019, the Company had not yet achieved profitable operations, but had working capital of \$1,136,597 (December 31, 2018: \$2,207,031) and accumulated deficit of \$42,881,060 (December 31, 2018 \$39,083,344). Management has

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(Expressed in Canadian dollars)

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 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.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Alaska			Other	USA
	Stellar	Liberty Bell	Goodpaster		Total
Balance at December 31, 2018	\$ -	\$ 411,491	\$ 541,598	1,055,978	\$ 2,009,066
Addition during the year					
Option costs:					
Option payments - cash	-	33,440	106,522	-	139,962
	-	33,440	106,522	-	139,962
Exploration costs:					
Non-reimbursable costs	-	18,558	22,796	1,250	42,604
Acquisition	-	12,848	332,290	37,547	382,685
Drilling	-	-	-	-	-
Geochemistry	-	-	2,500	372	2,872
Geology	-	31,962	221,178	95,474	348,614
Geophysics	-	-	54,034	-	54,034
Environmental and permitting	-	372	-	-	372
External relations	-	-	360	-	360
Support and equipment	-	14,708	366,891	33,268	414,867
	-	78,448	1,000,049	167,911	1,246,408
Less:					
Recoveries	-	-	-	48,632	48,632
Impairment/ write off	-	-	-	730,809	730,809
	-	-	-	779,440	779,440
Net additions	-	111,888	1,106,571	(611,529)	606,930
Foreign currency translation	-	(12,811)	(19,642)	(24,067)	(56,520)
Balance at September 30, 2019	\$ -	\$ 510,567	\$ 1,628,527	\$ 420,382	2,559,475

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

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(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, 2018	\$ 782,959	\$ 183,949	\$ 12,379	\$ 480	\$ -	\$ -	516,272	\$ 1,496,030	\$ -	\$ 3,505,098
Addition during the year										
Option costs:										
Option payments - cash	-	-	-	-	-	-	-	-	-	139,962
	-	-	-	-	-	-	-	-	-	139,962
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	-	42,604
Acquisition	10,407	2,611	1,733	1,711	27,137	7,885	69,738	121,221	-	503,907
Drilling	-	-	-	-	-	-	-	-	-	-
Geochemistry	1,119	412	-	-	2,853	336	6,353	11,073	-	13,946
Geology	16,326	4,567	4,290	3,737	26,200	21,233	74,294	150,647	-	499,261
Geophysics	-	-	-	-	-	-	-	-	-	54,034
Environmental and permitting	-	-	-	-	-	-	-	-	-	372
External relations	-	-	-	-	-	-	-	-	-	360
Support and equipment	2,781	-	36	210	16,848	5,862	9,987	35,725	-	450,592
	30,633	7,590	6,059	5,658	73,038	35,316	160,372	318,667	-	1,565,075
Less:										
Recoveries	-	-	-	-	-	-	-	-	-	48,632
Loss on disposal	796,783	-	-	-	-	-	63,868	900,979	-	900,979
Impairment / write off	-	-	18,567	6,169	73,590	35,543	124,161	258,029	-	988,838
	796,783	-	18,567	6,169	73,590	35,543	188,028	1,159,008	-	1,938,449
Net additions	(766,150)	7,590	(12,508)	(511)	(552)	(227)	(27,656)	(840,341)	-	(233,412)
Foreign currency translation	(16,809)	(6,314)	129	31	551	227	(15,238)	(37,423)	-	(93,944)
Balance at September 30, 2019	\$ -	\$ 185,225	\$ -	\$ -	\$ -	\$ -	\$ 473,378	\$ 618,266	\$ -	\$ 3,177,743

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(An Exploration Stage Company)

For the Nine Months Ended September 30, 2019

(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	-	165,013	75,906	240,919
	-	165,013	75,906	240,919
Exploration costs:				
Non-reimbursable costs	-	76,292	-	76,292
Acquisition	-	302,009	279,334	581,343
Drilling	-	-	-	-
Geochemistry	-	1,154	4,258	5,412
Geology	-	201,426	132,725	334,151
Geophysics	-	125,003	-	125,003
Environmental and permitting	-	26,712	845	27,557
External relations	-	-	753	753
Support and equipment	-	218,032	39,818	257,850
	-	950,628	457,733	1,408,361
Less:				
Recoveries	-	1,039,348	-	1,039,348
Impairment/ write off	-	-	18,924	18,924
	-	1,039,348	18,924	1,058,272
Net additions	-	76,293	514,714	591,007
Foreign currency translation	-	31,646	121,497	153,143
Balance at December 31, 2018	\$ -	\$ 411,491	\$ 1,597,577	2,009,067

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

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(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	-	-	-	-	-	-	-	-	-	240,919
	-	-	-	-	-	-	-	-	-	240,919
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	-	76,292
Acquisition	55,221	2,361	16,446	21,702	170,871	74,768	80,462	421,831	-	1,003,174
Drilling	-	-	-	-	356,683	532,511	-	889,194	-	889,194
Geochemistry	3,228	164	3,577	-	187,604	235,635	3,570	433,778	407	439,596
Geology	89,574	32,168	11,743	6,342	218,172	528,937	108,344	995,279	31,664	1,361,094
Geophysics	-	-	-	-	-	-	-	-	-	125,003
Environmental and permitting	-	-	-	-	-	-	-	-	-	27,557
External relations	-	-	-	-	-	-	-	-	-	753
Support and equipment	22,895	7,496	2,792	1,240	179,726	548,157	30,515	792,821	3,325	1,053,997
	170,918	42,189	34,557	29,284	1,113,056	1,920,008	222,891	3,532,904	35,396	4,976,660
Less:										
Recoveries	-	-	-	-	1,119,382	1,926,172	-	3,045,554	25,724	4,110,626
Disposal of properties	-	-	-	-	-	-	-	-	1,247,218	1,247,218
Impairment / write off	-	357,079	97,582	84,105	-	-	18,758	557,524	-	576,447
	-	357,079	97,582	84,105	1,119,382	1,926,172	18,758	3,603,078	1,272,942	5,934,292
Net additions	170,918	(314,890)	(63,025)	(54,821)	(6,326)	(6,163)	204,133	(70,174)	(1,237,546)	(716,712)
Foreign currency translation	53,219	40,867	6,978	5,030	6,326	(3,526)	31,185	140,078	-	293,221
Balance at December 31, 2018	\$ 782,959	\$ 183,949	\$ 12,379	\$ 480	\$ -	\$ -	\$ 516,272	\$ 1,496,030	-	\$ 3,505,099

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Alaska Properties**(a) Alaska Range Project (Stellar Property), Alaska**

On September 9, 2012 Millrock announced that it had acquired this 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 owned 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 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”). Millrock paid an option payment to Boot Hill Gold of US\$125,000 in the fourth quarter of 2018. Under the terms of the agreement Kinross assumed property holding costs and could have earned a 70% joint venture interest. Kinross terminated the option agreement with an effective date of December 8, 2018. A lease to purchase agreement was made with James Roland concerning a block of ten claims internal to the Boot Hill Gold block. Consideration to establish a 100% interest is US\$570,000 to be paid to Roland as lease payments over an 11 year period. If the Company wishes to keep the claims, payments are scheduled to be US\$30,000 annually, then moving to US \$50,000 annually in 2024, and then a bulk payment in 2028. A 2% royalty is attached to these ten claims and it can be bought out for US\$800,000.

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(c) Goodpaster Properties, Alaska

Millrock initially acquired claims in this gold district in 2016 through option and purchase agreements. In the second quarter of 2019 Millrock staked a very large tract of claims. Capital for the staking came from EMX Royalty Corp (“EMX”) in a strategic investment, whereby EMX purchased Millrock stock in a private placement at a premium to market price. Millrock in return granted a royalty interest to EMX on newly staked claims and on claims already owned. The claim blocks cover more than 660 square kilometers. During the third quarter of 2019 Millrock entered a Binding Term Sheet concerning the Goodpaster project with an ASX listed company called Northern Cobalt (“N27”). The terms are: initial 50-day exclusivity period in return for US\$250,000 exploration advance, with a second 50-day extension in return for another US\$250K advance. Under a four-year option period, if it goes to completion, N27 must expend US\$20 million on exploration, pay Millrock US\$200,000 and issue 38 million N27 shares to Millrock. Upon completion, N27 will own a 60% interest in the project. N27 may elect to further advance one certain portion of the claim block further by fully carrying the cost to complete a Bankable Feasibility Study and thereby earn a 70% interest in that block. The same block could be load-carried by N27 to commercial production to gain an 80% interest in that block.

(d) Chisna DragonSlayer Project, Alaska

Millrock staked claims on a portion of the district-scale Chisna Project. The claim block was named DragonsSlayer project. First Quantum Minerals Limited entered an agreement with Millrock whereby they would fund up to US\$100,000 of geochemical work and prospecting. In return Millrock granted an exclusive Right to FQM to enter an option agreement with pre-determined business terms. FQM has until December 31, 2019 to decide whether it will enter the option agreement.

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 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 Oweegee 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, Oweegee Dome and Willoughby properties. Upon completion of

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the transaction Millrock recorded a loss on disposal of \$58,408 for BC exploration assets. Sojourn changed its name to ArcWest Exploration Inc. in the first quarter of 2019.

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 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 five projects to date.

(d) 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. Millrock reduced the size of the claim holdings at the end of 2018 and wrote off \$84,105 of prior capitalized exploration costs. In the second quarter of 2019 all remaining mineral rights were dropped, and the remaining capitalized costs written off.

(e) 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. During the 3rd quarter of 2019 Millrock sold the Los Cuarentas project, along with other properties to Riverside Resources for cash, shares, and small royalty.

(f) 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

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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. Centerra terminated the agreement at the end of 2018. The option agreement was terminated during the second quarter and capitalized exploration costs were written off.

(g) 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. Centerra terminated the agreement at the end of 2018. The option agreement was terminated during the second quarter and capitalized exploration costs were written off.

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. Within the other properties section Millrock dropped certain claims and wrote off the corresponding capitalized costs.

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 September 30, 2019 was \$Nil (December 31, 2018: \$64,540).

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.

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Quoted equity shares	9/30/2019			12/31/2018		
	# of shares	per share	Fair Value	# of shares	per share	Fair Value
Riverside Resources, Inc TSX-V: RRI	250,000	0.155	38,750	100,000	0.18	18,000
PolarX Limited ASX: PXX	-	-	-	10,000,000	0.053	530,000
ArcWest Exploration Inc. TSX-V: AWX	9,623,417	0.055	529,287	9,623,417	0.1	962,342
Total Marketable Securities			<u>\$ 568,037</u>			<u>\$ 1,510,342</u>

The Company had an unrealized loss of \$1,467,571 on shares for the year ended December 31, 2018. During the third and fourth quarters of 2018, the Company sold a total of 15,653,968 shares of PolarX stock in two separate tranches for a loss of \$126,563, but received proceeds from the sale totaling \$1,115,718.

Upon closing of the Sojourn (now Arcwest) transaction the Company received 7,823,417 additional shares. The shares are restricted from selling for a period of one year, and will be unencumbered September, 13, 2019.

The Company has an unrealized loss of \$538,869 on shares for the Nine Months ended September 30, 2019. In the first quarter of 2019, the Company sold its remaining shares of PolarX resulting in proceeds of \$597,178, and a realized loss of \$101,316.

As part of the sale of properties and assets to Riverside Resources, Millrock received an additional 150,000 Riverside shares at the end of the third quarter.

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6. Property, Plant and Equipment

	Furniture and fixtures	Office equipment	Leasehold improvement	Software	Vehicle	Building	Total
Cost							
Balance at January 1, 2018	\$ 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	1,844	34,089	2,382	7,917	9,125	-	55,357
Balance at December 31, 2018	\$ 22,927	\$ 409,632	\$ 29,623	\$ 98,454	\$ 90,342	\$ -	\$ 650,977
Additions	-	-	-	-	-	-	-
Disposals	-	(41,881)	-	-	(76,458)	-	(118,339)
Foreign currency translation	(933)	4,144	(1,205)	(4,005)	(13,884)	-	(15,883)
Balance at September 30, 2019	\$ 21,994	\$ 371,895	\$ 28,417	\$ 94,449	\$ -	\$ -	\$ 516,755
Depreciation and impairment losses							
Balance at January 1, 2018	\$ 21,083	\$ 349,003	\$ 20,412	\$ 90,537	\$ 66,684	\$ 8,696	\$ 556,414
Depreciation for the year	-	9,760	7,040	-	13,119	2,946	32,865
Disposals	-	-	-	-	(11,887)	(11,642)	(23,529)
Foreign currency translation	1,844	29,732	2,170	7,917	5,217	-	46,881
Balance at December 31, 2018	\$ 22,927	\$ 388,494	\$ 29,623	\$ 98,454	\$ 73,134	\$ -	\$ 612,631
Depreciation for the year	-	7,127	-	-	5,568	-	12,695
Disposals	-	(17,439)	-	-	(61,880)	-	(79,319)
Foreign currency translation	(933)	(9,912)	(1,205)	(4,005)	(16,822)	-	(32,878)
Balance at September 30, 2019	\$ 21,994	\$ 368,270	\$ 28,417	\$ 94,449	\$ -	\$ -	\$ 513,129
Carrying amounts							
Balance at January 1, 2018	\$ -	\$ 18,710	\$ 6,829	\$ -	\$ 38,307	\$ 252,046	\$ 315,892
Balance at December 31, 2018	\$ -	\$ 21,138	\$ -	\$ -	\$ 17,208	\$ -	\$ 38,346
Balance at September 30, 2019	\$ -	\$ 3,624	\$ -	\$ -	\$ -	\$ -	\$ 3,624

The property purchased during the quarter ended June 30, 2016 was 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 of 2018 the Company disposed of 2 vehicles from its Mexican office resulting in no gain or loss on the transaction.

In the third quarter of 2019 Millrock reached an agreement to sell certain properties and assets to Riverside Resources.

7. Right-of-use asset and lease liability

The Company has lease agreements for its headquarter office space in Anchorage, AK. Upon transition to IFRS 16, the Company recognized \$330,960 of ROU assets and \$330,960 of lease liabilities.

The lease liability at January 1, 2019 can be reconciled to the operating lease obligations as of December 31, 2018 as follows:

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Operating lease obligation as of December 31, 2018	\$	334,756
Discounting using the January 1, 2019 incremental borrowing rate*		3,795
<u>Lease liability recognized as of January 1, 2019</u>		<u>330,960</u>

Current portion		84,478
<u>Long term portion</u>		<u>246,482</u>
<u>Lease liability recognized as of January 1, 2019</u>		<u>330,960</u>

*The lease liability was discounted using an incremental borrowing rate as at January 1, 2019 of 5% per annum

The continuity of ROU assets for the Nine Months ended September 30, 2019 is as follows:

	ROU Asset
January 1, 2019	330,960
Amortization of ROU asset	(50,919)
Foreign currency translation	(5,807)
<u>September 30, 2019</u>	<u>274,235</u>

During the Nine Months ended September 30, 2019, the Company recognized amortization of ROU assets of \$50,919, interest expense on lease liabilities of \$10,991.

8. Note Payable

The Company executed an interest free note payable for \$240,000 in 2016 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 was the property purchased. It was to be paid down at \$10,000 per month for a period of 24 months. The Company recorded \$3,373 of accretion on the note payable for 2018. The Company sold the property in the second quarter of 2018 and satisfied the remaining portion of the loan at that time.

9. Provisions

The Company recognized \$0 of asset retirement obligations at the quarter ended September 30, 2019 (December 31, 2018 \$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. During the second quarter the Company received the refund of the final \$35,000 of its asset retirement obligations.

10. 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.

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Issued and outstanding: 95,510,978 common shares (September 30, 2018: 56,890,123).

	Number of Shares	Share Capital	Share-based payment	Warrants
Balance December 31, 2017	56,890,123	\$ 38,672,646	\$ 4,459,310	\$ 503,291
Stock-based compensation	-	-	203,674	-
Issued for cash pursuant to				
Private placements	10,445,000	1,044,500	-	-
Share issue costs and finder's fee	-	(39,000)	-	15,211
Balance December 31, 2018	67,335,123	\$ 39,678,146	\$ 4,662,984	\$ 518,502
Issued for cash pursuant to				
Private placements	28,175,855	2,577,475	-	-
Share issue costs and finder's fee	-	(88,870)	-	26,348
Stock based compensation	-	-	121,225	-
Balance September 30, 2019	95,510,978	\$ 42,255,621	\$ 4,662,984	\$ 518,502

11. 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>2019</u>	<u>2018</u>
Dividend yield	Nil	Nil
Expected volatility	93.6%	87.19%
Risk-free rate of return	1.32%	1.64%
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, 2019 was \$121,225 (September 30, 2018: \$203,674).

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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	7,145,000	\$ 0.29
Share purchase warrants	59,506,546	\$ 0.27
	66,651,546	-

The following table summarizes the Company's outstanding and exercisable share purchase options as of September 30, 2019:

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
Expired on September 9, 2018	(230,000)	\$0.37
Outstanding & Exercisable at December 31, 2018	5,260,000	\$0.37
Granted on September 30, 2019	1,885,000	\$0.09
Outstanding & Exercisable at September 30, 2019	7,145,000	\$0.29

The weighted average remaining contractual life of options outstanding at September 30, 2019 is 3.77 years (September 30, 2018: 2.97 years).

(b) Share Purchase Warrants and Agent Warrants

As of September 30, 2019, the Company had outstanding and exercisable warrants and agent warrants for the purchase of 59,506,546 common shares, as follows:

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Issued Date	Number of Warrants	Exercise Price	Expiry Date
Outstanding at December 31, 2017	34,928,321		
Finders' warrants expired, May 25, 2018	(186,600)	\$ 0.29	25-May-18
Finders' warrants expired, October 9, 2018	(670,000)	\$ 1.50	9-Oct-18
Warrants issued for private placement, December 14, 2018 ##	10,835,000	\$ 0.14	14-Dec-21
Outstanding at December 31, 2018 and March 31, 2019	44,906,721		
Warrants expired, May 25, 2019	(12,400,660)	\$ 0.44	25-May-19
Warrants expired, June 19, 2019	(2,009,000)	\$ 1.00	19-Jun-19
Warrants issued for private placement, April 24, 2019 ##	7,142,857	\$ 0.14	14-Dec-21
Warrants issued for private placement, September 6, 2019 ##	21,866,628	\$ 0.14	14-Dec-21
Outstanding at September 30, 2019	59,506,546		
## Note these warrants have tiered exercise price of \$0.14 until Dec. 14, 2019, \$0.17 until Dec. 14, 2020, and \$0.20 thereafter until Dec. 14, 2021		Weighted average price \$	0.27

(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, 2019:

	Amount	Exercise Price	Expiry Date
Common Shares outstanding as of September 30, 2019	95,510,978		
Warrants	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
*	6,970,000	\$0.45	December 15, 2020
##	10,835,000	\$0.14	December 14, 2021
##	7,142,857	\$0.14	December 14, 2021
##	21,866,628	\$0.14	December 14, 2021
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
	1,885,000	\$0.09	September 30, 2024
Fully Diluted Shares Outstanding	162,162,524		

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

Note these warrants have tiered exercise price of \$0.14 until Dec. 14, 2019, \$0.17 until Dec. 14, 2020, and \$0.20 thereafter until Dec. 14, 2021

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12. 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	
	2019	2018
Consulting, directors and compensation	\$ 355,683	\$ 502,225
Stock based compensation	121,225	203,674
	\$ 476,908	\$ 705,899

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, 2019, there was \$169,458 (December 31, 2018: \$27,182) due to related parties for accrued directors' fees and deferred salary expenses. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

13. 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 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, 2019 is \$1,240,046.

(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.

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(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 \$218,106 (September 30, 2018: \$293,387) denominated in US dollars. A ten percent change in the exchange rate would result in a \$21,810 (September 30, 2018: \$29,338) impact to the Company's net income (loss). The Company has Mexican peso cash and working capital items of \$93,211 (September 30, 2018: \$122,747). A ten percent change in the exchange rate would result in \$9,321 (September 30, 2018: \$12,275) 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.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian dollars)

14. Commitments

The Company is committed to pay the following in office rentals for future years:

	At the Quarter Ended September 30			
		2019		2018
Within 1 year	\$	103,499	\$	89,515
After 1 year, but no more than 5		92,575		83,077
More than 5 years		-		-
	\$	196,074	\$	172,592

15. Subsequent Events

Millrock negotiated terms with ASX-listed junior exploration company Northern Cobalt concerning the Goodpaster Project, and signed a Binding Term Sheet. The Companies are working through due diligence items while simultaneously progressing work on the property to complete a drill road and water well installation.