



Management Discussion & Analysis

For the Nine Months Ended September 30, 2020

MILLROCK RESOURCES INC.

Management Discussion and Analysis
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Introduction

This is Management’s Discussion and Analysis (“MD&A”) for Millrock Resources Inc. (“Millrock” or the “Company”) and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended September 30, 2020 and supporting notes. These condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

The Company’s board of directors follow recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board’s Audit Committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

Readers should note the following:

- This MD&A has been prepared based on information known to management as of November 25, 2020.
- All currency amounts are expressed in Canadian dollars unless otherwise noted.
- Gregory A. Beischer, a Director of the Company and its President and Chief Executive Officer, is the qualified person (as defined in NI 43-101) who approved the technical information in this MD&A.

Description of Business

Millrock Resources Inc. (“Millrock” or the “Company”) is engaged in the acquisition and exploration of mineral properties prospective for gold, copper and other metals. The principal mineral exploration targets include intrusion-related gold and copper-gold porphyry deposits and vein style gold-silver deposits.

Millrock is active in multiple geologic terrains and mineral districts with ten mineral exploration projects in Alaska USA and Sonora State, Mexico

The Company follows a Project Generator – Joint Venture business model that capitalizes on Millrock’s knowledge and ability to identify high quality exploration targets and execute exploration programs under the terms of earn-in option agreements. This business model shares risk by forming agreements with other companies that invest capital to move exploration projects toward development and production.

Millrock trades on the TSX Venture Exchange under the symbol MRO and is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

Nunavut. The Company also trades on the OTCQB marketplace in the United States under the symbol MLRKF.

Forward Looking Statements

This document may contain “forward-looking information” within the meaning of Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, mineral exploration programs, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; and other risks of the mineral exploration and mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

Going Concern

The condensed interim consolidated financial statements for the period ended September 30, 2020, on www.sedar.com were prepared on the assumption that the Company will continue as 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, 2020, the Company had not yet achieved profitable operations, and had an accumulated deficit of \$43,805,532 (December 31, 2019 \$43,380,264). Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and cash equivalents and other financial assets to continue operating at current levels for the ensuing twelve months. The Company's forecast indicates the existence of uncertainty that raises significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to raise additional equity, continue some of its existing partnerships, partner additional exploratory prospects, generate overhead recovery fees, and receipt of option payments.

Additional Information

Financial statements, MD&A documents and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.SEDAR.com, and/or on the Company's website at <http://www.millrockresources.com>.

General

The Company continued to advance its business objectives through 2020. During the nine months ended September 30, 2020, Millrock spent \$3,984,968 on exploration properties during the quarter, of which \$3,967,817 was supplied by companies earning an interest in Millrock's projects. Additionally, the Company spent \$114,745 on generative exploration during the nine-month period ended September 30, 2020.

Highlights for the Quarter Ended September 30, 2020

- A drilling program at the Aurora Target, Echo Target and Reflection Target on the West Pogo block of the 64North Gold Project in Alaska was carried out. Subsequent to the end of the quarter assay results from a 7 – meter thick quartz vein that had been intersected at the Aurora target were announced. Assay results show only weakly anomalous gold but the intersection is worthy of follow up drilling. Drilling has recently recommenced. The work was funded by Resolution Minerals

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

- Limited (“Resolution”) under a previously announced earn-in agreement. The original program had been cut short when the drill contractor abruptly demobilized the drill crew over fear of travel restrictions related to the Covid-19 virus.
- A trenching program was carried out at the AT target on the West Pogo block. Assays are pending.
 - A trenching program at the E1 target on the Eagle block was started in the third quarter and was recently completed. Assays are pending.
 - At the Boundary prospect on the East Pogo Block, assay results for surface sampling and an airborne ZTEM – Mag survey were received and reviewed. Together with historical data, a strong series of drill targets have emerged.

Outlook

Markets and availability of capital for junior explorers has significantly improved through the second quarter. The fundamentals for further commodity price increases appear to be excellent. Gold prices have risen remarkably, breathing life into the mining sector. Throughout the past two years Millrock has generated projects that attracted substantial funding from partner companies. The Company formed a strong new partnership on the 64North Project, with a robust budget, and is now realizing the benefits of cost cutting measures made throughout 2018 and 2019, Millrock has delivered increased share value and is in a position to deliver further gains if a discovery is made.

Operations Review

United States Properties

Millrock owns and operates four mineral exploration projects in Alaska.

- 1) **Liberty Bell, Alaska, United States, Gold:** Millrock acquired an option on this project from a private company called Boot Hill Gold. The Company can earn a 100% interest with no underlying royalty for US\$700,000 with most of this cost coming in the final years of the agreement. The claims host gold mineralization in a small deposit that has not been fully delineated. The deposit is of the distal skarn or replacement variety. There is very good exploration potential to find more deposits nearby. In 2016 Kinross made an option to joint venture agreement with Millrock. Kinross assumed responsibility to meet the holding costs of the underlying agreement during the option period. To earn a 70% interest Kinross must make at least \$5.0 million in exploration expenditures, and make advanced minimum royalty payments. Kinross elected to terminate the option on the property in the fourth quarter of 2018. Millrock is seeking a new funding partner. Several presentations were made to potential partner companies in the second quarter.
- 2) **Apex El Nido, Alaska, United States, High Grade Vein Gold:** Millrock made an option agreement with the underlying owner. The option is good for five years and costs Millrock US\$1,000 per year. There are historical underground mine workings on the project from which approximately 25,000 ounces of gold was extracted. No drilling beneath the workings has ever been done. Quartz veins of

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

the mesothermal variety locally contain high grade gold mineralization. The veins may extend below the workings. Millrock has been marketing this project to prospective partners.

- 2) **64North Gold Project, Goodpaster Mining District, Alaska, United States, Gold:** Millrock has acquired a very large tract of claims covering more than 660 square kilometers in the Goodpaster Gold Mining district. The district hosts the Pogo Gold Mine which is operated by Northern Star Resources. Most of the Millrock claims were staked in the second quarter of 2019 but others were acquired in prior years by purchase and through option agreements. Millrock also purchased two exploration databases for the Goodpaster Mining District for US\$100,000. The data represents more than \$15 million worth of exploration work. The West Pogo claim block, a subset of the overall project, is particularly attractive because it is within sight of the Pogo Gold Mine and there is good evidence to suggest that the same structures that host the gold deposit being mined by Northern Star trend onto Millrock's property. Late in 2019 Millrock executed geophysical surveys that indicated low-angle conductive structures in magnetic low areas along strike and down dip from the new Goodpaster discovery made on the neighboring Northern Star Pogo Mine property. In December 2019 Millrock made an agreement with an Australian Stock Exchange listed company called Northern Cobalt which was then renamed Resolution Minerals ("Resolution"). A drill road and winter water well were constructed in anticipation of a drilling program early in 2020. In March of 2020 a drill was mobilized and began executing a planned 2,000 meter program of four holes to test the Aurora Target to the immediate west of the Pogo Mine. The program was curtailed due to virus concerns but was resumed in the second quarter and continued through the third quarter.

During this period Millrock issued Capstone Mining 500,000 Millrock shares to eliminate a royalty on several small claim blocks related to the 64North gold project.

- 4) **Chisna, Alaska, United States, Gold:** Millrock purchased claim blocks from Corvus Gold in 2015. The claim blocks came with a large database of information that cost approximately \$7 million to create. Upon review of the data Millrock has developed some strong targets for porphyry copper-gold mineralization. First Quantum Minerals agreed to fund first-pass geochemical exploration on one of these targets called DragonSlayer. The work was carried out in the third quarter and results were received. The sampling conditions proved not to be highly conducive for good soil or stream sediment sampling. Despite the poor sampling conditions, anomalous values in a wide variety of metals provided some support for the idea that a porphyry copper-gold deposit is causing the geophysical target. Nevertheless, the results are not strongly conclusive. First Quantum Minerals elected not to enter the option agreement. Millrock believes there is good exploration potential worth pursuing. Millrock made an agreement with a company whereby the other party would incur exploration costs of US\$100,000. The exploration would allow the

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

other company to determine whether they would enter into an Option to Joint Venture agreement with Millrock concerning the Chisna project.

5) Fairbanks District, Alaska

Treasure Creek

During the period ended September 30, 2020, Millrock announced an agreement concerning the Treasure Creek gold project. The agreement with the Treasure Creek Partnership gives Millrock the exclusive right to enter an option to purchase a 100% interest in the claims. As consideration, during the period ended September 30, 2020, the Company issued 500,000 Millrock shares valued at \$105,000. During the exclusive period, which expires in the third quarter of 2021, Millrock is required to keep the claims in good standing by making adequate exploration expenditures and making Alaska state claim rental payments. Millrock also staked additional claims contiguous with the original Treasure Creek block. These new claims are within an Area of Interest pursuant to the agreement with the Treasure Creek Partnership.

Ester Dome

During the period ended September 30, 2020, Millrock announced an agreement, similar to the Treasure Creek agreement, concerning the Ester Dome gold project. The Company had entered the exclusive rights agreement in 2017. Millrock has kept the claims in good standing through this period and has the exclusive right to enter an option to purchase agreement with Range Minerals concerning the claims held by that company.

Mexico Properties

Going into 2020 Millrock retained El Batamote, Guadalcazar and a number of smaller holdings, but Guadalcazar was sold subsequent to the end of the first quarter.

1) El Batamote Project, Sonora State, Mexico, Copper-Gold Porphyry, 100% Millrock:

The project was purchased from a subsidiary of Teck Corporation in 2015. Porphyry mineralization is known at surface and drill holes in the south part of the property. A leach cap in the north part of the property has never been drilled. Millrock has done rock sampling and geological mapping, and compiled all available data. Millrock is in discussion with another company that may form a partnership to explore the project, they have been granted exclusive rights to the property. The exclusive right expired in June 2020, Millrock is seeking another funding partner.

MILLROCK RESOURCES INC.

Management Discussion and Analysis

For the Nine Months Ended September 30, 2020

- 2) Millrock entered an option to purchase agreement concerning two small fractional claims called San Javier. These claims were originally purchased when Millrock bought Millrock Mexico Holdings. Under the agreement a US\$10,000 payment was made on signing, and another two payments of US\$30,000 are to be made after six months and twelve months. The purchaser is Minera Canuc, a subsidiary of Canuc Resources Corporation (TSX-V:CDA).

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Sept. 30 2020 Q3	Jun. 30 2020 Q2	Mar. 31 2020 Q1	Dec. 31 2019 Q4	Sept. 30 2019 Q3	Jun. 30 2019 Q2	Mar. 31 2019 Q1	Dec. 31 2018 Q4
Mineral expenditures	\$ 101,775	\$ 282,018	\$ 229,627	\$ (140,156)	\$ (327,356)	\$ (2,595)	\$ 425,678	\$ (423,491)
Overhead Recovery Fees & Exploration rev.	340,200	121,765	95,439	289,969	711,162	65,740	63,353	466,093
G&A expense (including stock-based comp.)	420,385	506,867	702,313	561,432	592,047	623,370	528,243	1,112,261
Stock-based compensation	-	-	179,603	40,215	108,633	-	-	-
Mineral properties write-off	-	-	-	188,636	11,836	970,206	-	576,447
Net Income/(loss) before tax	257,432	175,298	(857,998)	(531,204)	(1,307,810)	(1,894,817)	(595,089)	(1,984,100)
Loss per share (basic)	\$ 0.00	\$ -	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.04)	\$ (0.01)	\$ (0.04)
Loss per share (diluted)	\$ 0.00	\$ -	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.04)	\$ (0.01)	\$ (0.04)

The Company recognized the bulk of its revenue via Overhead Recovery Fees in both the third quarters of 2019 and 2018. In 2018 Overhead Recovery Fees were split between projects in Mexico and Alaska. In 2019 and 2020 the Company recorded exploration revenue and costs related to operations only on Alaska exploration.

Millrock has observed seasonality in the past in regards to Overhead Recovery Fees as these are charged on earn-in projects where the Company conducts most of its Alaska exploration in the second and third quarters of the year, but in 2019 the Company had overhead recovery fees generated through the fourth quarter in preparation for the 64North project. Drilling had begun at 64North in March 2020, but was suspended due to the Covid-19 pandemic. The Company instituted new safety protocols and drilling resumed during the second and third quarters.

As the Company actively markets properties in geographically diverse jurisdictions it hopes to offset the seasonality with Mexican property exploration occurring primarily in the first and fourth quarters of the year.

The stock-based compensation shown on the table for the first quarter of 2020 and third quarter of 2019 is for the issuance of stock options to employees. Stock based compensation can vary widely in valuation.

G&A expenses vary throughout the quarters based on levels of business and exploration activity. There is a slight decrease of expense items in the third quarters of the years as

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

employees are more fully engaged on active exploration projects and therefore costs being capitalized to those projects.

The net loss and loss per share see an increase in the second quarter of 2019 and fourth quarter of 2018 because of the property write offs that occurred in the quarter. In the second quarter of 2018 the increased loss per share is greatly attributed to the unrealized losses on marketable securities now being reported in net losses before other comprehensive loss as per the adoption of IFRS 9.

The Company holds most of its cash in CAD, this can negatively impacts expenses and exploration costs incurred in the USA during periods where the US dollar strengthens compared to the Canadian dollar. It also has a negative impact on potential partner companies for US projects that also raise financing denominated in CAD.

Quarter Ended September 30, 2020 Compared to the Quarter Ended September 30, 2019

The Company had overhead recovery fees for the three month period ended September 30, 2020 (2019 - \$98,181), and a net income before other comprehensive loss of \$257,432 (2019 – loss of \$1,367,309). There were property write-offs amount of \$Nil in the third quarter 2020, compared to \$11,836 in 2019. The revenue is attributable to overhead recovery fees received from earn in partners. In 2020 the overhead recovery fees were earned from US projects. The Company also had exploration service revenue of \$96,765 and direct costs related to exploration services of \$98,773 for the quarter ended September 30, 2020.

General and Administrative expenses overall for the quarter ended September 30, 2020 totaled \$420,385 as compared to \$592,047 for the corresponding quarter end 2019. Significant fluctuations from the prior period comparative consisted of:

- Consulting, director and salary expenses of \$161,020 (2019 - \$242,761);
- Office and miscellaneous expenses of \$119,349 (2019 - \$106,427);
- Accounting, audit and legal expenses of \$54,678 (2019 - \$31,828). The increase is primarily a result of timing difference on invoices versus accruals;
- Investor relations expenses of \$37,042 (2019 - \$46,844); The decrease is a result of decrease investor relation contracts during the current period;
- Stock based compensation expense of \$Nil (2019 - \$108,633). The increase was a result of stock-options issued during 2020;

Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

During the nine-month period ended September 30, 2020, the Company had overhead recovery fees of \$438,579 (2019 - \$145,592), and a net loss before other comprehensive loss of \$425,268 (2019 - \$3,797,715).

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

During the nine-month period ended September 30, 2020, the Company also recognized exploration service revenue of \$118,825 (2019 \$695,123) for operating exploration on behalf of a third party. Related to these services the Company also recognized \$118,827 (2019-\$587,541) of direct costs.

General & administrative expenses overall for the nine months ended September 30, 2020 totalled \$1,629,565 as compared to \$1,684,159 for the same period in 2019. Significant fluctuations from the prior period comparative consisted of:

- Consulting, director and salary costs of \$658,048 (2019 - \$737,020);
- Stock based compensation expense of \$179,603 (2019 - \$108,633). The increase was a result of stock-options issued during 2020;
- Accounting, audit and legal expenses of \$137,799 (2019 - \$205,234). The decrease is primarily a result of reduced fees as a result of changing the auditor;
- Investor relations of \$158,949 (2019 - \$184,647). The decrease is a result of decrease investor relation contracts during the current period;
- General exploration expenses of \$114,745 (2019 - \$64,438). The increase is a result of Increased activity relating to prospective partners; preparing presentation, leading field examinations at Liberty Bell;

During the nine month period ended September 30, 2020, the Company has an unrealized gain on marketable securities of \$744,930 (2019 – unrealized loss of \$437,553). The gain was primarily a result of an increase in the fair value of 9,623,417 shares in ArcWest Exploration Inc. (TSX-V) to \$0.145 at September 30, 2020.

Liquidity and Capital Resources

As of September 30, 2020, the Company has accumulated a deficit of \$45,805,532 and has working capital of \$2,559,957 based on current assets of \$4,979,330 and current liabilities of \$2,419,373.

The Company realizes income from option agreement payments, and from management fees it collects as the operator of earn in projects, and exploration service revenue (option payments are recorded against the related property cost and not considered revenue until the property is reduced to zero but overhead recovery fees are recorded as revenue). These funds can cover a significant portion of the Company's overhead costs. The Company relies on equity financing to fund generative exploration programs on its open ground and on some of its properties. Funding for most of the property exploration carried out by Millrock comes from partner companies earning in to Millrock's projects.

During the period from January 1, 2020 to November 25, 2020, the Company:

- i) closed a placement for total proceeds of \$1,509,040. The financing consisted of 12,575,333 units at a price of \$0.12 per unit. Each unit consists of one common

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at a price of \$0.17 per share until December 14, 2020, and thereafter at a price of \$0.20 until December 14, 2021. Share issuance costs of \$46,914 in cash and warrants valued at \$28,748 were recorded.

- ii) issued 5,293,000 common shares pursuant to the exercise of options for net proceeds of \$899,810.
- iii) issued 1,000,000 for exploration and evaluation assets valued at \$212,500.

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	
	2020	2019
Consulting, directors and compensation	\$ 495,261	\$ 355,683
Stock based compensation	262,124	121,225
	\$ 757,385	\$ 476,908

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, 2020, there was \$40,376 (December 31, 2019: \$34,276) 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.

Newly Adopted Accounting Policies and Accounting Policy Pronouncements

Please refer to the interim consolidated financial statements for the period ended September 30, 2020 for newly adopted accounting policies and accounting policy pronouncements.

Financial Instruments and Other Instruments**i) Fair Value of Financial Instruments**

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The company's financial instruments include: cash and equivalents, accounts receivable, marketable securities, prepaid expenses, accounts payable, and due to related parties. The carrying value of cash and equivalents, accounts receivable, and accounts payable approximates their fair values. The Company has no financial instruments whose fair values are measured using level 2 or level 3 inputs.

ii) 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, security deposit, and amounts receivable for the Nine Months ended September 30, 2020 is \$3,280,006.

iii) 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.

iv) 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 \$1,050,353 (September 30, 2019: \$17,539) denominated in US dollars. A ten percent change in the exchange rate would result in a \$105,035 (September 30, 2019: \$1,754) impact to the Company's net income (loss). The Company has Mexican peso cash and working capital items of \$(13,005) (September 30, 2019: \$72,453). A ten percent change in the exchange rate would result in \$1,301 (September 30, 2019: \$7,245) 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.

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

v) 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.

vi) 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 in response to changing 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 to the Company in accordance with the agreement. As such, these funds are restricted.

Other Risks and Uncertainties

i) Exploration and Development Risk

The Company's properties are in early exploration stages and are without a known body of commercial ore. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting mineral exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that an ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit such as size, grade and proximity to infrastructure, commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors cannot be predicted and are beyond

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

the control of the Company. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of geologic and political environments. Management also balances exploration risks through earn-in option agreements with other companies.

Beyond exploration and development risk, management is faced with a number of other risk factors. The more significant ones include:

ii) Financial Markets

Presently, the Company strives to obtain the majority of its working capital from other companies that are funding exploration on Millrock projects in order to earn an interest in the mineral rights. However, the Company will be dependent on the equity markets as its main source of operating working capital and funding for any advanced exploration and development activities that may be needed on its projects. The Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. Consequently, there can be no assurance that equity financing will be available to the Company in the amount required at any time or for any period or if available, that it can be obtained on terms satisfactory to the Company.

iii) Metal Prices

The price of gold is affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that the Company may be exploring for, all have the same or similar price risk factors. The prevailing price of metals and speculation on future price of metals by the investing public can have strong impacts on the share prices of exploration companies like Millrock.

iv) Cash Flows

The Company currently has no revenue from its exploration operations. However, it does generate revenues from overhead recovery fees charged to third parties funding exploration for administration of project development work. If any of its exploration programs are successful and optionees of properties complete the agreed earn-in expenditures, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest. Otherwise the Company's interest will normally reduce to a non-participating royalty interest as defined in the agreement. Additional capital would be required to put a property into commercial production. The sources of funds currently available to the Company are the sale of its, marketable securities, equity capital or the offering of an interest in its projects to another party.

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

v) Market Volatility for Marketable Securities

The Company's marketable securities consist of shares of exploration companies that are historically very volatile. There is no assurance that the Company will be able to recover the current fair market value of those shares. The Company also may not be able to sell the shares it holds in other companies in an illiquid market.

vi) Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company usually seeks earn-in option agreement partners to fund in whole or in part exploration projects. This dilutes the Company's interest in properties. This dilution is undertaken to spread or minimize the risk and to expose the Company to more exploration opportunities. However, it means that any increased market capitalization or profit that might result from a possible discovery would be shared with the option agreement partner. There is no guarantee that the Company can find a third party to enter an earn-in agreement for any property.

vii) Trading Volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in its shares. Trading volumes fluctuate with market conditions and seasons. The Company attempts to reduce this risk by having multiple projects that are continually generating news and therefore investor interest and trading volume.

viii) Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price.

ix) Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

MILLROCK RESOURCES INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2020

x) Dependence on Management

The Company depends heavily on the business expertise of its management. There is risk to the Company's ability to execute its business plans if some or all of the current management team were to suddenly leave the Company or become incapable of performing their individual and collective responsibilities. The Company has mitigated the risk of its managers leaving for other companies through competitive compensation, cash bonuses and by providing options to purchase Millrock stock. Some of the senior managers hold substantial share positions in Millrock and are motivated to remain with the Company. The Company has also developed the necessary depth such that it can replace senior managers with more junior staff if necessary. Despite the mitigation measures the Company still depends heavily on its current management.

xi) Title Risk

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

xii) Environmental

The Company's exploration and development activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by non-governmental organizations has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

xiii) Laws and Regulations

The Company's exploration activities are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, Covid-19 regulations and practices, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

Commitments

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

	As at September 30	
	2020	2019
Within 1 year	\$ 101,289	\$ 101,289
After 1 year, but no more than 5	15,486	91,453
More than 5 years	-	-
	\$ 116,775	\$ 192,742

Legal Claims and Contingent Liabilities

At September 30, 2020, there were no material legal claims or contingent liabilities outstanding.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Disclosure of Outstanding Share Data

As at November 25, 2020, the Company had 115,155,514 common shares outstanding.

As at November 25, 2020, the Company has outstanding share purchase warrants as follows

Expiry Date	Number of Warrants		Weighted Average Exercise Price
	Outstanding and Exercisable		
December 15, 2020	6,970,000	\$	0.55
December 14, 2021. Exercise price increases to \$0.20 after December 14, 2020	47,396,268		0.17
	54,366,268	\$	0.22

As at November 25, 2020, the Company has outstanding and exercisable share purchase options as follows:

Expiry Date	Number of Warrants		Weighted Average Exercise Price
	Outstanding and Exercisable		
February 4, 2021	1,400,000	\$	0.245
January 12, 2022	1,530,000	\$	0.500
August 10, 2022	75,000	\$	0.370
March 26, 2023	1,245,000	\$	0.230
September 30, 2024	1,885,000	\$	0.090
February 28, 2025	2,430,000	\$	0.135
November 23, 2025	1,940,000	\$	0.105
	10,505,000	\$	0.20

MILLROCK RESOURCES INC.

Management Discussion and Analysis

For the Quarter June 30, 2020

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Chief Financial Officer

Janice Davies
Corporate Secretary

Roland Butler, B.Sc., Geology
*Director & Chairman, Corporate Governance
Committee*

Peter J. Chilibeck, LL.B.
Director & Chairman, Compensation Committee

Larry J. Cooper
Director & Chairman, Audit Committee

LISTINGS

TSX Venture Exchange: **MRO**
OTC Markets Group (OTCQX): **MLRKF**

CAPITALIZATION

(as at November 25, 2020)

Shares Authorized: Unlimited

Shares Issued: 115,105,514

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