



Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2020

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, 2020 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)***Condensed Interim Consolidated Statements of Financial Position***As at September 30, 2020, and December 31, 2019**(expressed in Canadian dollars)*

ASSETS	30-Sep-2020	31-Dec-2019
Current assets		
Cash and cash equivalents	\$ 2,085,552	\$ 494,145
Security deposit - Note 4	1,055,792	-
Marketable securities - Note 5	1,682,895	713,639
Amounts receivable	138,662	116,429
Prepaid expenses and deposit	16,429	7,295
Total current assets	4,979,330	1,331,508
Non-current assets		
Advances on exploration expenditures	1,390	1,349
Right of use asset	160,277	209,430
Exploration and evaluation assets - Note 3	3,978,363	3,364,943
Property, plant and equipment	1,306	2,432
Total non-current assets	4,141,336	3,578,154
TOTAL ASSETS	\$ 9,120,666	\$ 4,909,662
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 605,783	\$ 646,267
Income tax payable	80,117	78,178
Project cost advance received - Note 4	1,599,036	-
Lease liability current portion	86,581	84,041
Due to related parties - Note 9	47,856	34,276
Total current liabilities	2,419,373	842,762
Non-current liabilities		
Loan payable - Note 6	340,985	-
Lease liability long term portion	91,294	142,470
Deferred tax liability	45,311	-
Total non-current liabilities	477,590	142,470
Total liabilities	2,896,963	985,232
Shareholders' equity		
Share capital - Note 7	44,344,591	41,798,903
Reserves		
Share-based payments - Note 8	5,046,333	4,784,209
Warrants - Note 8	1,002,168	973,421
Accumulated other comprehensive (loss)/ income	(363,857)	(251,839)
Deficit	(43,805,532)	(43,380,264)
Total shareholders' equity	6,223,703	3,924,430
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 9,120,666	\$ 4,909,662

Going concern - Note 2

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 25, 2020.

They were signed on its behalf by:

Approved by the directors

Gregory Beischer

Larry Cooper

Gregory Beischer

Larry Cooper

See accompanying notes to the unaudited condensed interim consolidated financial statements

MILLROCK RESOURCES INC.
(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

*For the Three and Nine Months ended September 30, 2020 and 2019
 (expressed in Canadian dollars)*

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue				
Overhead recovery fees	\$ 243,435	\$ 98,191	\$ 438,579	\$ 145,592
Exploration services revenue	96,765	613,431	118,825	695,123
	340,200	711,622	557,404	840,715
Cost of sales				
Direct cost of exploration services	98,773	534,495	118,827	587,541
General and administrative expense				
Accounting, audit and legal	54,678	31,828	137,799	205,234
Amortization and depreciation	273	(5,696)	846	4,052
Amortization of right of use asset	18,415	16,863	56,150	50,919
Consulting, directors and salaries - Note 9	161,020	242,761	658,048	737,020
Foreign exchange (gain)/loss	(664)	(631)	1,710	564
General exploration	25,534	41,602	114,745	64,438
Interest expense of lease liability	4,738	3,416	15,739	10,991
Investor relations	37,042	46,844	158,949	184,647
Office and miscellaneous expense	119,349	106,427	305,976	317,661
Stock-based compensation - Note 8	-	108,633	179,603	108,633
	420,385	592,047	1,629,565	1,684,159
Loss before other items	(178,958)	(414,919)	(1,190,988)	(1,430,985)
Other items				
(Loss)/Gain on disposal of assets - Notes 5 & 6	-	(845,819)	-	(845,819)
Unrealized (loss)/gain on marketable securities - Note 5	422,405	(94,734)	744,930	(437,553)
Write-off of exploration and evaluation assets - Note 3	-	(11,836)	-	(982,042)
Loss on sale of marketable securities - Note 5	-	-	-	(101,316)
Other income	13,985	-	20,790	-
Net income/(loss) before other comprehensive loss	257,432	(1,367,308)	(425,268)	(3,797,715)
Other comprehensive income/(loss)				
Cumulative translation adjustment	(68,280)	(125,871)	(112,019)	(223,105)
Comprehensive income/(loss) for the period	\$ 189,151	\$ (1,493,179)	(537,287)	\$ (4,020,820)
Basic and diluted income/(loss) per share	\$ 0.00	\$ (0.03)	\$ -	\$ (0.04)
Weighted average number of shares outstanding - basic and diluted	113,678,661	74,477,980	108,574,069	69,954,170

See accompanying notes to the unaudited condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Changes In Stockholders' Equity

From December 31, 2018 to September 30, 2020

(expressed in Canadian dollars)

	Common Shares (Note 8)		Reserves			Deficit	Total Shareholders' Equity
	Shares	Amount	Share-based Payment	Warrants	Other Comprehensive Income		
Balance, December 31, 2018 and January 1, 2019	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)
Loss for the period	-	-	-	-	-	(3,797,716)	(3,797,716)
Balance, September 30, 2019	95,510,978	42,151,540	4,784,209	544,850	(264,289)	(42,881,060)	4,335,250
Issuance of common shares for cash pursuant to exercise of warrants	121,500	17,010	-	-	-	-	17,010
Agent warrants	-	(428,571)	-	428,571	-	-	-
Issuance of common shares for debt	654,703	58,923	-	-	-	-	58,923
Cumulative translation adjustment	-	-	-	-	12,451	-	12,451
Loss for the period	-	-	-	-	-	(499,204)	(499,204)
Balance, December 31, 2019 and January 1, 2020	96,287,181	41,798,903	4,784,209	973,421	(251,838)	(43,380,264)	3,924,430
Issuance of common shares for cash pursuant to private placements	12,575,333	1,509,040	-	-	-	-	1,509,040
Share issue costs and finder's fee	-	(75,662)	-	28,748	-	-	(46,914)
Stock-based compensation	-	-	262,124	-	-	-	262,124
Issuance of common shares for cash pursuant to exercise of warrants	5,293,000	899,810	-	-	-	-	899,810
Shares issued for exploration and evaluation assets	1,000,000	212,500	-	-	-	-	212,500
Cumulative translation adjustment	-	-	-	-	(112,019)	-	(112,019)
Loss for the period	-	-	-	-	-	(425,268)	(425,268)
Balance, September 30, 2020	115,155,514	\$ 44,344,591	\$ 5,046,333	\$ 1,002,168	\$ (363,857)	\$ (43,805,532)	\$ 6,223,703

MILLROCK RESOURCES INC.
(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

*For the nine months ended September 30, 2020
(expressed in Canadian dollars)*

	September 30, 2020	September 30, 2019
Cash provided from (used in)		
Operating activities		
Net loss	\$ (425,268)	\$ (3,797,716)
Items not involving cash		
Amortization and depreciation - Note 6	846	4,052
Loss/(Gain) on disposal of mineral property	-	845,819
Impairment/ Write-off of exploration and evaluation assets - Note 3	-	982,042
Amortization of right of use asset	56,150	50,919
Interest expense of right of use asset	15,739	10,991
Stock-based compensation - Note 9	179,603	108,633
Unrealized gain on marketable securities - Note 5	(744,930)	437,553
Net change in non-cash working capital items	(917,860)	(1,357,707)
Cashflows from operating activities		
Amounts receivable	(22,233)	311,839
Prepaid expenses and deposits	(9,134)	25,503
Accounts payable and accrued liabilities	(40,204)	64,091
Income tax payable	47,250	(1,972)
Project cost advance received	1,599,036	111,866
Asset retirement obligation	-	(47,000)
Due to related parties - Note 9	13,580	142,276
Total cash inflows/(outflows) used in operating activities	670,435	(751,104)
Cashflows from investing activities		
Advances on exploration expenditures	-	(47,041)
Sale of marketable securities - Note 5	-	597,178
Net expenditures on exploration and evaluation assets	(4,457,928)	(1,709,359)
Cash recovered from exploration partners	3,738,227	-
Proceeds from sale of property and equipment	-	35,000
Total inflows/(outflows) from investing activities	(719,701)	(1,124,222)
Cashflows from financing activities		
Security deposit and restricted cash	(1,055,792)	64,800
Share issuance costs - Note 7	(46,915)	-
Shares issued for cash - Note 7	1,509,040	2,577,475
Cash received for warrant exercise	899,810	-
Repayment of lease liability	(6,456)	(37,565)
Cash received from PPP loan - Note 6	340,985	-
Total inflows/(outflows) from financing activities	1,640,672	2,604,710
(Decrease)/Increase in cash and cash equivalents	1,591,406	729,386
Cash and cash equivalents, beginning of the period	494,145	779,166
Cash and cash equivalents, end of the period	\$ 2,085,551	\$ 1,508,550

See accompanying notes to the unaudited condensed interim consolidated financial statements

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, 2019 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, 2019.

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.

These condensed interim consolidated financial statements have been 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

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

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.

In March 2020, the Company was forced to temporarily reduce its operations as a result of the Covid-19 outbreak. The Company quickly adapted and instituted stringent Covid-19 safety protocols. During the second quarter 2020 the Company applied for and received Paycheck Protection Plan funds (Note 6).

The preparation of condensed interim consolidated 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, 2020

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Alaska				USA
	Liberty Bell	64North	Treasure Creek	Others	Total
Balance at December 31, 2019	\$ 560,297	\$ 1,828,933	\$ -	\$ 466,870	\$ 2,856,099
Addition during the year					
Acquisition costs					
Shares issued	-	-	212,500	-	212,500
Cash	67,245	107,592	32,749	-	207,586
	67,245	107,592	245,249	-	420,086
Exploration costs:					
Non-reimbursable costs	21,053	144,944	-	-	165,997
Acquisition	5,267	40,553	-	12,055	57,875
Drilling	-	498,457	-	-	498,457
Geochemistry	-	140,485	-	1,473	141,958
Geology	7,019	801,878	11,831	85,709	906,437
Geophysics	-	489,087	-	-	489,087
Environmental and permitting	-	13,792	-	-	13,792
Support and equipment	11,172	1,652,560	5,317	42,316	1,711,365
	44,511	3,781,756	17,148	141,553	3,984,968
Less:					
Recoveries	-	3,738,227	-	-	3,738,227
Shares received	-	229,590	-	-	229,590
	-	3,967,817	-	-	3,967,817
Net additions	111,756	(78,469)	262,397	141,553	437,237
Foreign currency translation	15,897	52,845	-	13,116	81,858
Balance at September 30, 2020	\$ 687,950	\$ 1,803,309	\$ 262,397	\$ 621,539	\$ 3,375,194

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Mexico				Corporate
	Guadalcazar	Batamote	Others	Total	Total
Balance at December 31, 2019	\$ 10,061	\$ 466,354	\$ 32,433	\$ 508,842	\$ 3,364,943
Addition during the year					
Acquisition costs:					
Shares	-	-	-	-	212,500
Option payments - cash	-	-	-	-	207,586
	-	-	-	-	420,086
Exploration costs:					
Non-reimbursable costs	-	-	-	-	165,997
Acquisition	3,238	83,439	3,299	89,976	147,851
Drilling	414	-	-	414	498,871
Geochemistry	2,555	6,743	1,271	10,569	152,527
Geology	3,828	45,582	12,605	62,015	968,452
Geophysics	-	-	-	-	489,087
Environmental and permitting	-	-	-	-	13,792
Support and equipment	-	7,218	-	7,218	1,718,583
	10,035	142,982	17,175	170,192	4,155,160
Less:					
Recoveries	-	-	-	-	3,738,227
Shares received	-	-	-	-	229,590
	-	-	-	-	3,967,817
Net additions	10,035	142,982	17,175	170,192	607,429
Foreign currency translation	(1,993)	(68,956)	(4,918)	(75,867)	5,991
Balance at September 30, 2020	\$ 18,103	\$ 540,380	\$ 44,690	\$ 603,167	\$ 3,978,363

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Alaska		Others	USA
	Liberty Bell	64North/Goodpaster		Total
Balance at December 31, 2018	\$ 411,491	\$ 541,598	\$ 1,055,978	\$ 2,009,067
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	288,839	1,250	308,647
Acquisition	60,597	475,912	88,387	624,896
Drilling	-	239,978	-	239,978
Geochemistry	-	8,546	372	8,918
Geology	37,636	370,612	118,400	526,648
Geophysics	-	78,850	660	79,510
Environmental and permitting	742	-	-	742
External relations	-	360	-	360
Support and equipment	21,443	454,437	64,730	540,610
	138,976	1,917,534	273,799	2,330,309
Less:				
Recoveries	-	681,956	99,051	781,007
Option payments received	-	-	-	-
Shares received	-	-	-	-
Gain on option payments received	-	-	-	-
Gain on shares received	-	-	-	-
Impairment/ write off	-	-	730,809	730,809
	-	681,956	829,859	1,511,815
Net additions	172,416	1,342,100	(556,060)	958,456
Foreign currency translation	(23,610)	(54,766)	(33,048)	(111,424)
Balance at December 31, 2019	\$ 560,297	\$ 1,828,933	\$ 466,870	\$ 2,856,099

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

Exploration and Evaluation Assets

	Mexico									Corporate
	Los Cuarentas	Guadalcazar	Ramard	Los Chinos	Picacho	Navidad	Batamote	Others	Total	Total
Balance at December 31, 2018	\$ 782,959	\$ 183,949	\$ 12,379	\$ 480	\$ -	\$ -	\$ 298,471	\$ 217,799	\$ 1,496,028	\$ 3,505,097
Addition during the year										
Option costs:										
Option payments - cash	-	-	-	-	-	-	-	-	-	139,962
	-	-	-	-	-	-	-	-	-	139,962
Exploration costs:										
Non-reimbursable costs	-	-	-	-	-	-	-	-	-	308,647
Acquisition	10,407	4,713	1,733	1,711	27,137	7,885	78,592	9,800	141,977	766,873
Drilling	-	-	-	-	-	-	-	-	-	239,978
Geochemistry	1,119	412	-	-	2,853	336	2,048	4,305	11,073	19,992
Geology	16,326	12,350	4,290	3,737	26,200	21,233	62,784	28,714	175,634	702,282
Geophysics	-	-	-	-	-	-	17,295	-	17,295	96,805
Environmental and permitting	-	-	-	-	-	-	-	-	-	742
External relations	-	-	-	-	-	-	-	-	-	360
Support and equipment	2,781	1,370	36	210	16,848	5,862	9,876	1,496	38,479	579,089
	30,633	18,845	6,059	5,658	73,038	35,316	170,594	44,316	384,459	2,714,768
Less:										
Recoveries	-	-	-	-	-	-	-	-	-	781,007
Loss on disposal	773,800	-	-	-	-	-	-	104,196	877,996	877,996
Impairment / write off	-	191,160	18,567	6,169	73,590	35,543	-	124,161	449,189	1,179,998
	773,800	191,160	18,567	6,169	73,590	35,543	-	228,356	1,327,185	2,839,000
Net additions	(743,167)	(172,315)	(12,508)	(511)	(552)	(227)	170,594	(184,041)	(942,726)	15,730
Foreign currency translation	(39,792)	(1,574)	129	31	551	227	(2,707)	(1,325)	(44,460)	(155,884)
Balance at December 31, 2019	\$ -	\$ 10,061	\$ -	\$ -	\$ -	\$ -	\$ 466,358	\$ 32,433	\$ 508,842	\$ 3,364,943

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

Alaska Properties

(a) 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.

(b) 64North Gold Project, (formerly 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. In the fourth quarter of 2019 Millrock entered an Option to Joint Venture Agreement concerning the Goodpaster project with an ASX listed company called Northern Cobalt (“N27”) which subsequently changed its name to Resolution Minerals Limited (“Resolution”) which trades on the Australian Stock Exchange under the symbol RML. Under a four-year option period, if it goes to completion, Resolution must expend US\$20 million on exploration, pay Millrock US\$200,000 and issue 38 million Resolution shares to Millrock (5,000,000 shares of Resolution were received through September 30, 2020). Upon completion, Resolution will own a 60% interest in the project. Resolution 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 loan-carried by Resolution to commercial production to gain an 80% interest in that block. 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.

(c) Chisna, Alaska

In 2016, Millrock purchased two claim blocks (named Ravine and Grubstake) from Corvus Gold Inc. as well as an extensive proprietary data set that covers the entire Chisna District. In 2020, Millrock staked claims to cover a geophysical target and named the claim block DragonSlayer. Later in 2019 First Quantum Minerals Limited (FQM) entered an agreement with Millrock whereby they would fund up to US\$100,000 of geochemical work and prospecting on Dragonslayer. In return, Millrock granted an exclusive Right to FQM to enter an option agreement with pre-determined business terms. FQM ultimately elected not to proceed with the option agreement. During the quarter exploration work was done by Millrock with funding received from another party. The work results are being evaluated by the other party so that it can determine whether it will enter an option to joint venture agreement with Millrock.

(d) 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

- (a) 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 option was Coatan, under option from Riverside Resources Inc. The Coatan option was terminated prior to any costs being incurred. The second option was Guadalcazar, which was fully exercised by Millrock. Millrock sold the Guadalcazar during the period ended September 30, 2020. A number of the projects were sold to Riverside Resources Inc in 2019 for cash and Riverside shares and in some cases a royalty interest. The Guadalcazar property was sold during the period ended September 30, 2020.

(b) El Batamote, Mexico

El Batamote is comprised of three concessions purchased from a subsidiary of Teck Corporation in 2015. Millrock holds a 100% interest subject to a 0.5% Net Smelter Returns royalty in favour of Teck. Consideration was paid in Millrock shares. The value of the consideration was \$20,000. Additionally, Millrock reimbursed MX\$115,000 in semester tax payments that had been paid during negotiations by Teck. The agreement also called for a participation right in the future sale of the property for a 24 month period. The future sale period expired and the granted right no longer burdens the property. Millrock granted a company the exclusive right to enter a negotiated option agreement. In return the company has paid Millrock to cover various project and administrative costs as well as the semester taxes. The exclusive right expired in June 2020 and the third party elected not to proceed due to financial constraints.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

- (c) 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, US\$30,000 is to be paid on or before April 13, 2021 and US\$30,000 is to be paid on or before October 13, 2021. The purchaser is Minera Canuc, a subsidiary of Canuc Resources Corporation (TSX-V:CDA).

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. Restricted cash

Restricted cash consists of advances from earn-in partners who have forwarded funds to the Company for use on specific properties. The restricted cash for the quarter ended September 30, 2020 was \$1,055,792 (December 31, 2019: \$Nil).

5. Marketable Securities

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

Quoted equity shares	# of shares	9/30/20		12/31/19		
		per share	Fair Value	# of shares	per share	Fair Value
Riverside Resources, Inc TSX-V: RRI	250,000	\$ 0.27	67,500	250,000	\$ 0.16	\$ 40,000
Resolution Minerals Limited ASX: RML	5,000,000	\$ 0.044	220,000	-	-	-
ArcWest Exploration Inc. TSX-V: AWX	9,623,417	\$ 0.145	1,395,395	9,623,417	\$ 0.07	\$ 673,639
Total Marketable Securities			<u>\$ 1,682,895</u>			<u>\$ 713,639</u>

During the period ended September 30, 2020, Company:

- i) the Company received 5,000,000 shares of Resolution Minerals Limited (RML) pursuant to their option agreement for the 64North project (Note 3).
- ii) The Company has an unrealized gain of \$744,930 on shares for the quarter ended September 30, 2020 (September 30, 2019: unrealized loss of \$1,467,571).

During the year ended December 31, 2019, as part of the sale of Mexico properties and assets to Riverside Resources Inc. (“Riverside”), Millrock received an additional 150,000 Riverside shares. In the first quarter of 2019, the Company sold its remaining shares of PolarX resulting in proceeds of \$450,157, and a realized loss of \$101,316.

6. Long Term Debt

During the second quarter of 2020 the US subsidiary of the Company applied for and received proceeds pursuant to the Paycheck Protection Plan (PPP) loan provided by the Small Business Administration of the United States as part of their relief for companies negatively impacted by the Covid-19 pandemic. The total proceeds were \$340,985 (US\$254,845). The loan can be forgiven if certain conditions are met. If the loan is not forgiven it becomes payable over 2 years with a 1% interest rate.

7. Share Capital

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

Issued and outstanding: 115,155,514 common shares (December 31, 2019: 96,287,181).

During the period ended September 30, 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 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 500,000 shares with a value of \$105,000 for the Treasure Creek rights agreement (Note 3).
- iii) issued 500,000 shares with a value of \$107,500 to eliminate a royalty on several small claim blocks related to the 64North gold project (Note 3).

8. 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.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

During February 2020, the Company granted 2,430,000 incentive stock options to employees exercisable at \$0.135 per share for a period of five years. During the period ended September 30, 2020, the Company fair valued the options using the Black-Scholes option pricing model, and recognized stock-based compensation expense of \$179,603 (September 30, 2019: \$Nil) and capitalized a further \$82,521 in exploration and evaluation assets. The Company used the following Black-Scholes option pricing model assumptions:

	<u>2020</u>	<u>2019</u>
Dividend yield	Nil	Nil
Expected volatility	112.74%	93.6%
Risk-free rate of return	1.25%	1.32%
Expected life of options	5 years	5 years

The following table summarizes the Company's outstanding and exercisable share purchase options as of September 30, 2020:

	Number of Options	Weighted Average Exercise
Outstanding and Exercisable at December 31, 2018	5,260,000	\$ 0.37
Granted	1,885,000	\$ 0.09
Outstanding and Exercisable at December 31, 2019	7,145,000	\$ 0.30
Granted	2,430,000	\$ 0.14
Expired	(1,010,000)	\$ 0.50
Outstanding and Exercisable at September 30, 2020	8,565,000	\$ 0.22

As at September 30, 2020, the Company has outstanding and exercisable share purchase options as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
February 4, 2021	1,400,000	\$ 0.25
January 12, 2022	1,530,000	\$ 0.50
August 10, 2022	75,000	\$ 0.37
March 26, 2023	1,245,000	\$ 0.23
September 30, 2024	1,885,000	\$ 0.09
February 28, 2025	2,430,000	\$ 0.14
	8,565,000	\$ 0.22

The weighted average remaining contractual life of options outstanding at September 30, 2020 is 2.8 years (December 31, 2019: 2.52 years).

MILLROCK RESOURCES INC.
(An Exploration Stage Company)
For the Nine Months Ended September 30, 2020
(Expressed in Canadian dollars)

(b) Share Purchase Warrants and Agent Warrants

As of September 30, 2020, the Company had outstanding and exercisable warrants and agent warrants for the purchase of 54,366,268 common shares, as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and Exercisable at December 31, 2018	44,906,721	
Issued	29,009,485	\$ 0.17
Exercised	(121,500)	\$ 0.14
Expired	(27,101,721)	\$ 0.65
Outstanding and Exercisable at December 31, 2019	46,692,985	
Issued, private placement	12,966,283	\$ 0.17
Exercised	(5,293,000)	\$ 0.17
Outstanding and Exercisable at September 30, 2020	54,366,268	

As at September 30, 2020, the Company has outstanding share purchase warrants as follows

Expiry Date	Warrants	Exercise Price
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

9. 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 \$47,856 (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.

10. Subsequent Event

Subsequent to September 30, 2020, the Company granted 1,940,000 stock options to consultants, employees, officers and directors, exercisable at \$0.105 until November 23, 2025. The options vest 50% on grant and 50% on November 23, 2021.