



Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

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, 2022, 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
(Expressed in Canadian dollars)

	As at September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash	\$ 1,099,374	\$ 797,573
Marketable securities – Note 5	2,018,977	1,258,768
Amounts receivable	94,624	214,209
Value added tax receivable	48,870	33,822
Prepaid expenses and deposit	140,666	196,719
Total current assets	3,402,511	2,501,091
Non-current assets		
Right of use asset – Note 8	12,616	63,541
Exploration and evaluation assets – Note 6	3,922,546	4,249,505
Total non-current assets	3,935,162	4,313,046
TOTAL ASSETS	\$ 7,337,673	\$ 6,814,137
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 300,463	\$ 397,072
Lease liability current portion – Note 8	16,731	78,967
Due to related parties – Note 12	125,626	55,495
	442,820	531,534
Loan payable – Note 9	500,000	-
Total liabilities	942,820	531,534
Shareholder's equity		
Share capital – Note 10	47,279,153	47,069,153
Reserves		
Share-based payments – Note 10	5,322,722	5,204,009
Warrants – Note 10	1,233,206	1,233,206
Accumulated other comprehensive loss	206,925	(335,613)
Deficit	(47,647,153)	(46,888,152)
Total shareholders' equity	6,394,853	6,282,603
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 7,337,673	\$ 6,814,137

Going concern – Note 2

These financial statements were approved and authorized for issue by the Board of Directors on November 25, 2022.

“Gregory Beischer”
 Director

“Larry Cooper”
 Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MILLROCK RESOURCES INC.*(An Exploration Stage Company)***Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)***(Expressed in Canadian dollars)*

	Three month period ended September 30, 2022	Three month period ended September 30, 2021	Nine month period ended September 30, 2022	Nine month period ended September 30, 2021
Revenue				
Overhead recovery fees	\$ 68,479	\$ 141,626	\$ 258,613	\$ 385,582
Exploration services revenue	-	8,914	46,591	21,396
	68,479	150,540	305,204	406,978
Expenses				
Direct cost of exploration services	14	177	1,535	7,009
General and administrative expense				
Accounting, audit and legal	117,111	74,473	265,782	280,107
Amortization and depreciation	-	1,071	555	1,071
Amortization of right of use asset–Note 8	18,052	17,405	53,196	51,892
Consulting, directors and salaries–Note 12	137,236	104,760	436,149	454,999
Foreign exchange loss (gain)	(22,629)	9,883	(21,688)	4,209
General exploration	56,168	30,861	63,301	90,008
Interest expense of lease liability	1,879	2,734	4,965	9,508
Office and miscellaneous expense	111,772	271,532	529,025	637,918
Promotion and investor relations	33,353	39,895	222,458	119,638
Stock-based compensation – Note 10	18,562	21,568	118,713	63,314
	471,504	574,182	1,672,456	1,712,664
Loss before other items	(403,040)	(423,819)	(1,368,787)	(1,312,695)
Other items				
Gain on loan forgiveness – Note 9	-	321,692	-	321,692
Gain on sale of royalties	1,200,000	-	1,200,000	-
Gain on sale of exploration and evaluation assets – Note 6	(56,615)	-	1,063,132	-
Impairment of exploration and evaluation assets – Note 6	(13,614)	(2,099)	(228,770)	(9,218)
Realized loss on marketable securities – Note 5	-	-	(23,523)	-
Realized gain (loss) on marketable securities – Note 5	483,045	(227,059)	(1,403,941)	(655,962)
Other income – Note 6	743	1,545	2,888	79,415
Net income (loss) before other comprehensive loss	1,210,519	(329,740)	(759,001)	(1,576,768)
Other comprehensive income				
Item that may be reclassified to profit or loss:				
Cumulative translation adjustment	344,940	81,053	542,539	23,430
Comprehensive income (loss) for the period	\$ 1,555,459	\$ (248,687)	\$ (216,462)	\$ (1,553,338)
Basic and diluted income (loss) per share	\$ 0.01	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding				
– basic and diluted	154,011,421	152,172,394	153,802,431	124,240,243

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MILLROCK RESOURCES INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine month period ended September 30, 2022	Nine month period ended September 30, 2021
Cash provided by (used in)		
Operating activities		
Net loss	\$ (759,001)	\$ (1,576,768)
Items not involving cash		
Amortization of right of use asset	53,196	51,892
Interest expense of right of use asset	4,965	9,508
Shares issued for loan bonus	100,000	-
Stock-based compensation	118,713	63,314
Gain on sale of exploration and evaluation assets	(1,063,132)	-
Gain on loan forgiveness	-	(321,692)
Impairment of exploration and evaluation assets	228,770	9,218
Unrealized loss on marketable securities	1,403,941	655,962
Realized loss on marketable securities	23,523	-
Foreign exchange – non-cash	(2,741)	(1,639)
	108,234	(1,110,205)
Net change in non-cash working capital items:		
Amounts receivable	70,715	358,214
Prepaid expenses and deposits	89,875	(2,504)
Project costs received	-	488,712
Accounts payable and accrued liabilities	(89,938)	(526,341)
Due to related parties	95,856	28,169
Cash provided used in operating activities	274,742	(763,955)
Cash flows from investing activities		
Sale of marketable securities	58,662	-
Net expenditures on exploration and evaluation assets, net of recoveries	(464,872)	(619,852)
Cash used in investing activities	(406,210)	(619,852)
Cash flows from financing activities		
Share issuance costs	-	(208,840)
Shares and warrants issued for cash	-	3,146,435
Loan proceeds received	500,000	-
Repayment of lease liability	(66,731)	(63,684)
Cash provided by financing activities	433,269	2,873,911
Change in cash and cash equivalents	301,801	1,490,104
Cash, beginning of the period	797,573	390,606
Cash, end of the period	\$ 1,099,374	\$ 1,880,710

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MILLROCK RESOURCES INC.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars)

	<u>Common Shares (Note 10)</u>		<u>Reserves</u>				<u>Total Shareholders' Equity</u>
			<u>Share-based Payment</u>	<u>Warrants</u>	<u>Other Comprehensive Income</u>		
	<u>Shares</u>	<u>Amount</u>			<u>Deficit</u>		
Balance, December 31, 2020	115,155,514	\$ 44,369,653	\$ 5,128,172	\$ 999,606	\$ (441,334)	\$ (44,750,111)	\$ 5,305,986
Issuance of common shares for cash pursuant to private placement	37,016,880	3,146,435	-	-	-	-	3,146,435
Share issue costs and finder's fee	-	(302,440)	-	93,600	-	-	(208,840)
Stock-based compensation	-	-	63,314	-	-	-	63,314
Cumulative translation adjustment	-	-	-	-	33,694	-	33,694
Loss for the period	-	-	-	-	-	(1,576,768)	(1,576,768)
Balance, September 30, 2021	152,172,394	47,213,648	5,191,486	1,093,206	(407,640)	(46,326,879)	6,763,821
Share issue costs and finder's fee	-	(144,495)	-	140,000	-	-	(4,495)
Stock-based compensation	-	-	12,523	-	-	-	12,523
Cumulative translation adjustment	-	-	-	-	72,027	-	72,027
Loss for the period	-	-	-	-	-	(561,273)	(561,273)
Balance, December 31, 2021	152,172,394	47,069,153	5,204,009	1,233,206	(335,613)	(46,888,152)	6,282,603
Shares issued for exploration assets	2,100,000	110,000	-	-	-	-	110,000
Shares issued for loan bonus	2,000,000	100,000	-	-	-	-	100,000
Stock-based compensation	-	-	118,713	-	-	-	118,713
Cumulative translation adjustment	-	-	-	-	542,538	-	542,538
Loss for the period	-	-	-	-	-	(759,001)	(759,001)
Balance, September 30, 2022	156,272,394	\$ 47,279,153	\$ 5,322,722	\$ 1,233,206	\$ 206,925	\$ (47,647,153)	\$ 6,394,853

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(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 Suite 1000 - 355 Burrard St. Vancouver, BC, V6C 2G8.

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 its condensed interim consolidated financial statements in accordance and compliance 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, 2021 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, 2021.

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 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, 2022, the Company had not yet achieved profitable operations, and had an accumulated deficit of \$47,647,153 (December 31, 2021 – \$46,888,152). 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.

2.1 Changes in Accounting Policies and Disclosures

The Company did not adopt any new accounting policies during the year and all policies are consistent with those of the previous financial year.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

2. Basis of Preparation and Going Concern (cont'd)

2.2 Upcoming Changes in Accounting Standards

IFRS Standards Issued But Not Yet Effective

Management has reviewed upcoming IFRS standards for implementation and determined that there are no new standards that will impact the Company's reporting.

3. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

3.1 Principles of Consolidation

Subsidiaries

The condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at September 30, 2022. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The condensed interim consolidated 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.

3.2 Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the accounts of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The condensed interim consolidated financial statements are presented in Canadian dollars (the "presentation currency"). The Canadian dollar is the functional currency of the Millrock Resources Inc. and Millrock Mexico Holdings Corp. The US dollar is the functional currency of the Company's United States subsidiaries. The Mexican peso is the functional currency of Recursos Millrock.

MILLROCK RESOURCES INC.*(An Exploration Stage Company)***Notes to Condensed Interim Consolidated Financial Statements**

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)**3.2 Foreign Currency Translation (cont'd)****(ii) Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation of monetary assets and liabilities not denominated in the functional currency of the subsidiaries and parent company are recognized in the consolidated statements of comprehensive loss except for monetary items that are designated as part of the Group's net investment of a foreign operation. These foreign exchanges are recognized in other comprehensive loss until the net investment is disposed of, at which time, the cumulative amount is reclassified to the consolidated statement of loss.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated to Canadian dollars at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the other comprehensive loss reserve in shareholders' equity. Additionally, foreign exchange gains and losses, related to certain intercompany loans that are permanent in nature, are included in other comprehensive loss reserve.

3.3 Property, Plant and Equipment**(i) Recognition and Measurement**

Property, plant and equipment are carried at cost less accumulated amortisation and depreciation and any impairment in value. When an asset is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is recognized as a gain or loss in the consolidated statements of loss.

Property, plant and equipment are recorded at cost on initial acquisition. Cost includes the purchase price and the directly attributable costs of acquisition or construction required to bring an asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

(ii) Depreciation

Property, plant and equipment are depreciated and amortized over a straight line basis over the estimated useful life of the asset. Where components of an asset have a different useful life and cost that is significant to the total cost of the asset, depreciation is calculated on each separate component. Depreciation methods, useful lives and residual values are reviewed at the end of each year.

Furniture and fixtures	3 years
Office equipment	3 years
Leasehold improvements	1 year
Software	1 year
Vehicle	3 years
Building	39 years

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

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(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)

3.4 Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for, and development of mineral properties to which the Company has rights. Exploration expenditures typically include costs associated with acquisition of rights to explore, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition. Costs incurred prior to the acquisition of a mineral property are charged to the statement of comprehensive loss as incurred under the heading of General Exploration. Evaluation expenditures include the cost of:

- i) Establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities to classify deposits as either a mineral resource or a proven and probable reserve;
- ii) Determining the optimal methods of extraction and metallurgical and treatment processes;
- iii) Studies related to surveying, transportation and infrastructure requirements;
- iv) Permitting activities; and
- v) Economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as acquisition cost additions or recoveries when the payments are made or received. The Company maintains ownership and control of the property until the earn-in partner fulfills contractual obligations and the costs incurred over that period are capitalized. When the obligations are positively fulfilled the earn-in partner is afforded a predetermined interest in the project, which may result in a change of control, but not joint control.

From time to time the Company may issue shares for option-in agreements in respect of acquisition of mineral interests. These equity-settled share-based payment transactions are measured by reference to the fair value of the equity instruments granted with the corresponding increase in equity.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)

3.5 Impairment of Non-Financial Assets

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when (a) the right to explore in a specific area has expired or will expire in the near future without expectation to renew, (b) exploration or evaluation expenditures of any significance are not planned or budgeted, (c) no mineral resources in a specific area have been discovered which have the potential for commercial viability and the Company has decided to halt further activities in the area, or (d) sufficient indications exist that the minerals in a specific area can be developed, however the asset is unlikely to recover in full the carrying cost. For Exploration and Evaluation assets the Company's unit of account is the land title or claim license. The land titles cumulatively make up a block of land the Company is exploring for its mineral potential. Over the course of exploration, costs are capitalized to the claim blocks.

Therefore, given the unit of account is the land title or claim license, when individual claims are dropped or abandoned the associated value is written down to nil. As per IFRS 6 we assess any retained properties for indicators of impairment. During exploration the Company tracks the total capitalized cost of each property and allocates these costs evenly to the underlying titles, which make up the project. When the Company forfeits its rights to an exploration title an impairment charge is recorded for the carrying value of the title.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

3.6 Financial Assets

(i) Classification

The Company classifies its financial assets in the following categories as fair value through profit or loss or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are either financial assets held for trading or financial assets designated by the Company as fair value through profit and loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. The Company's financial assets through profit and loss include cash and marketable securities.

b) Financial assets at amortized cost

The Company measures financial assets at amortized cost if both the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. The Company's financial assets at amortized costs include amounts receivable.

MILLROCK RESOURCES INC.

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(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)

3.6 Financial Assets (cont'd)

(ii) Recognition and Measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statements of comprehensive loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are recognized in the consolidated statements of comprehensive loss. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statements of comprehensive loss as part of other income when the Company's right to receive payments is established.

(iii) Impairment of Financial Assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model include amounts receivable.

For trade receivable and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.7 Amounts Receivable

Amounts receivable are primarily comprised of amounts due from earn-in partners as a result of cash calls on particular projects in which earn-in partners have elected to participate. Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment using the simplified approach where appropriate.

3.8 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held with financial institutions, and other short term highly liquid investments with original maturities of three months or less.

3.9 Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of the shares is determined using the share price at the issue date.

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(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)

3.10 Financial Liabilities

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

The Company has classified its accounts payable and accrued liabilities, loan payable, due to related parties, lease liability, and project cost advance as amortized cost.

3.11 Current and Deferred Income Tax

Income tax expense is recognized in the consolidated statements of loss except to the extent that it relates to items recognized either in other comprehensive loss or directly in equity, in which case it is recognized in other comprehensive loss or in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statements of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.12 Share-Based Payment Transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value based method (Black-Scholes Option Pricing model) for all share options granted to directors, employees and certain non-employees. This model employs assumptions for risk free interest rates, dividend yields, expected lives, and volatility based on historical data. For directors and employees, the fair value of the share options is measured at the date of the grant.

For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

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3. Significant Accounting Policies (cont'd)

3.12 Share-Based Payment Transactions (cont'd)

The fair value of share-based payments is charged either to profit or loss or the related asset as applicable, such as exploration and evaluation assets, with the offsetting credit to share-based payments reserve. For directors and employees, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share-based payments reserve.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.14 Revenue Recognition

Revenue from contracts with customers is derived from exploration services and overhead recovery fees. Revenue is recognized when a contract exists, the Company can identify the payment terms for the goods or services to be transferred, the related performance obligations are satisfied, and it is probable that the Company will collect the consideration to which it will be entitled. Overhead recovery fees are generated when the Company operates an exploration program under a budget approved by the earn-in partner. The Company charges the earn-in partner a pre-determined fee.

Overhead recovery fees earned by the Company under contracts with earn-in partners constitutes revenue with a customer as the Company is contracted to provide certain services which are considered an output of the Company's ordinary activities. Such fees are therefore within the scope of IFRS 15 and presented as revenue in the Company's statements of comprehensive loss. The terms of the arrangements are not complex and are standardized across all joint exploration agreements, the only variation between agreements being that the consideration will be either be a fixed value for a period of time or based on a fixed or variable percentage of qualifying expenditures. Contracts typically consist of one performance obligation under IFRS 15, being the provision of project management services. Performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company provides the services. Progress on performance obligations is measured using the output method based on time elapsed for fixed overhead recovery fees and input method based on expenditures incurred for variable overhead recovery fees. Reimbursement of development expenditure and advanced royalty payments received by the Company under the terms of the agreement is not considered to be revenue from a customer as these are not considered an output of the Company's ordinary activities; such income will continue to be off-set against the capitalized cost of exploration and evaluation assets on the Company's statement of financial position.

MILLROCK RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)

3.14 Revenue Recognition (cont'd)

During the year ended December 31, 2019 the Company was engaged to provide exploration services to PolarX in relation to the Stellar project. PolarX acquired a 100% interest in the Stellar project during 2017 therefore the Company no longer has any interest in the mineral property (other than a net smelter royalty). The Company was therefore engaged by PolarX as an independent contractor. The contract consists of one performance obligation being the provision of exploration services. The consideration is variable depending on the input required to deliver the services. Performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the entity provides the services. Progress on performance obligations is measured using the input method based on expenditure incurred. This is the only contract of this nature during the period ended September 30, 2022 and fiscal year ended December 31, 2021. Such income is disclosed as revenue from "Exploration services" within the financial statements and the related expenses are recorded as the "Direct cost of exploration services". The Company recognized exploration services revenue for the period ended September 30, 2022 of \$Nil (year ended December 31, 2021 – \$46,488) which came from a single customer.

During the period ended September 30, 2022, the majority of the overhead recovery fee revenue of \$258,613 (Year ended December 31, 2021 - \$535,550) came from two vendors.

3.15 Finance Income and Expenses

Finance income comprises interest income on funds. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognized in profit or loss using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

3.16 Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options.

3.17 Financial Instruments

a) Classification

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

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

MILLROCK RESOURCES INC.*(An Exploration Stage Company)***Notes to Condensed Interim Consolidated Financial Statements**

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)**3.17 Financial Instruments (cont'd)**

The Company completed a detailed assessment of its financial assets and liabilities as at September 30, 2022 and 2021.

Cash	FVTPL
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost
Due to related parties	Amortized cost
Project cost advances	Amortized cost

b) Measurement**Financial assets and liabilities at amortized cost**

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

Financial assets and liabilities at FVTPL

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

c) Impairment of financial assets at amortized cost

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

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. As all of the groups receivables which the group measures at amortised cost are short term (i.e. less than 12 months) the change to a forward looking expected credit losses approach did not have a material impact on the amounts recognized in the consolidated financial statements.

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For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. Significant Accounting Policies (cont'd)**3.17 Financial Instruments (cont'd)****d) Derecognition****Financial assets**

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

Financial liabilities

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

4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of 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. The four most significant areas requiring the use of management's judgements, assumptions and estimates relate to the following:

1. **Impairment:** Management determines at each reporting period whether there are any indicators of impairment applying to each specific property. Where an indicator exists, a formal assessment of the impairment is made. These indicators are presented in Note 3. If no indicators of impairment are identified, no impairment test is performed.
2. **Share-based payments:** Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black-Scholes option pricing model. Changes in assumptions used in the valuation could have a material impact on the Company's financial statements.
3. **Going concern assumption:** The Company's ability to continue as a going concern is dependent on its ability in the future to achieve profitable operations and in the meantime, obtain the necessary financing to meet its obligations and repay its liabilities when they come due. Realization values may be substantially different from carrying values and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

MILLROCK RESOURCES INC.*(An Exploration Stage Company)***Notes to Condensed Interim Consolidated Financial Statements**

For the Nine Months Ended September 30, 2022 and 2021

*(Expressed in Canadian dollars)***4. Significant Accounting Judgements, Estimates and Assumptions (cont'd)**

4. Income taxes and recoverability of potential deferred tax assets: In assessing the probability of realizing income tax assets recognized, management makes judgments related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period

5. Marketable Securities

Marketable securities consist of investments in quoted equity shares of public companies. The fair value of the equity shares has been determined directly by reference to published price quotations in an active market.

	September 30, 2022			December 31, 2021		
	# of shares	Per share	Fair value	# of shares	Per share	Fair value
Riverside Resources Inc. TSX-V: RRI				250,000	\$ 0.16	\$ 40,000
Resolution Minerals Limited ASX: RML	23,100,000	\$ 0.00887	\$ 204,925	23,100,000	\$ 0.0167	\$ 385,538
ArcWest Exploration Inc. TSX-V: AWX	9,623,417	\$ 0.06	\$ 577,405	9,623,417	\$ 0.085	\$ 817,990
Capitan Mining Inc. TSX-V: CAPT				64,849	\$ 0.235	\$ 15,240
Felix Gold Limited ASX: FXG	9,957,157	\$ 0.124	\$ 1,236,647	-	\$ -	\$ -
Total Marketable Securities			\$ 2,018,977			\$ 1,258,768

During the period ended September 30, 2022, the Company:

- i) received 9,957,157 shares of Felix Gold Limited (valued at \$2,246,335) for interests in exploration properties (Note 6d).
- ii) sold 250,000 shares of RRI for proceeds of \$32,728 resulting in a realized loss on marketable securities of \$37,273.
- iii) sold 64,849 shares of CAPT for proceeds of \$25,935 resulting in a realized gain on marketable securities of \$8,750.
- iv) incurred an unrealized loss of \$1,403,941 on marketable securities.

During the year ended December 31, 2021, the Company:

- i) received 25,000,000 shares of Resolution Minerals Limited (valued at \$742,761), and transferred 6,900,000 of those shares as consideration for finder's fee (valued at \$192,549), as part of the 64North Gold Project agreement (Note 6(a)).
- ii) incurred an unrealized loss of \$544,533 on marketable securities.

MILLROCK RESOURCES INC.
(An Exploration Stage Company)
Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)
6. Exploration and Evaluation Assets

This section describes each of the Company's projects, and if a partner is earning into the project, the agreement is described. An individual project may consist of one or more properties which were acquired by underlying agreements with mineral right holders or by claiming mineral rights by staking. Where an underlying property agreement exists, its terms are described. In most, but not all cases, the earn-in partner is responsible to make the cash payments and exploration expenditures to keep the properties that form the project in good standing. Please refer to footnote 3.5 for a description of the property impairment assessment factors. 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.

	64 North Alaska	Liberty Bell Alaska	Chisna Alaska	Canwell Alaska	Fairbanks District Alaska	Treasure Creek Alaska	Ester Dome Alaska	Apex Alaska	Others USA	Batamote Mexico	Others Mexico	Total Properties
Balance at December 31, 2021	\$ 1,270,219	\$ 652,648	\$ 535,552	\$ -	\$ 96,783	\$ 257,152	\$ 101,972	\$ 198,242	\$ 206,309	\$ 696,252	\$ 234,376	\$ 4,249,505
Option costs:												
Cash	-	-	-	129,862	-	-	-	-	-	-	-	129,862
Shares	-	-	-	104,167	-	-	-	-	-	-	-	104,167
	-	-	-	234,029	-	-	-	-	-	-	-	234,029
Exploration costs:												
Non-reimbursable costs	11,386	-	-	-	2,356	1,750	(1,586)	3,268	26,954	-	-	44,128
Acquisition	20,608	4,907	-	-	36,888	38,019	24,983	9,762	31,981	95,646	53,228	316,022
Geochemistry	310	-	4,026	10,958	-	-	-	-	31,041	-	-	46,335
Geology	94,543	9,155	57,342	7,272	15,492	41,665	4,119	23,841	54,109	27,327	33,598	368,462
Environmental and permitting	-	576	-	-	-	253	-	-	3,618	-	-	4,447
Support and equipment	43,682	4,349	2,265	45,123	22,290	118,110	24,939	1,106	20,740	40,742	10,015	333,361
	170,529	18,987	63,633	63,353	77,026	199,797	52,455	37,977	168,443	163,715	96,841	1,112,755
Less:												
Recoveries	150,326	31,652	-	-	74,336	195,082	53,115	-	-	-	-	504,511
Impairment / write-off	-	-	-	-	-	-	-	-	-	-	236,351	236,351
Property payments received	-	685,471	-	-	108,291	280,734	108,707	-	-	-	-	1,183,203
Option payments received	126,654	-	-	-	-	-	-	-	-	-	-	126,654
	276,980	717,123	-	-	182,627	475,816	161,822	-	-	-	236,351	2,050,719
Foreign currency translation	87,578	45,488	42,707	18,979	8,818	18,867	7,395	16,693	26,632	78,610	25,208	376,975
Balance at September 30, 2022	\$ 1,251,346	\$ -	\$ 641,892	\$ 316,362	\$ -	\$ -	\$ -	\$ 252,912	\$ 401,384	\$ 938,577	\$ 120,074	\$ 3,922,546

MILLROCK RESOURCES INC.*(An Exploration Stage Company)***Notes to Condensed Interim Consolidated Financial Statements**

For the Nine Months Ended September 30, 2022 and 2021

*(Expressed in Canadian dollars)***6. Exploration and Evaluation Assets (cont'd)**

	64 North Alaska	Liberty Bell Alaska	Fairbanks District Alaska	Treasure Creek Alaska	Ester Dome Alaska	Others USA	Batamote Mexico	El Picacho Mexico	Others Mexico	Total Properties
Balance at December 31, 2020	\$ 1,884,019	\$ 716,371	\$ 96,992	\$ 317,306	\$ 83,651	\$ 455,294	\$ 601,092	\$ -	\$ 46,061	\$ 4,200,786
Option costs:										
Cash	-	94,995	3,685	-	128,989	-	-	-	-	227,669
Exploration costs:										
Non-reimbursable costs	44,253	10,833	56,645	24,924	11,164	62,490	-	-	-	210,309
Acquisition	172,330	86,598	136,093	222,423	155,026	173,188	102,283	116,405	10,936	1,175,282
Geochemistry	29,398	-	1,517	3,005	1,769	54,209	-	-	-	89,898
Geology	49,263	11,001	150,270	629,758	104,281	323,304	58,613	19,161	19,439	1,365,090
Geophysics	9,188	-	-	-	-	6,814	-	-	-	16,002
Environmental and permitting	10,318	2,634	-	9,840	7,404	-	-	-	-	30,196
Support and equipment	16,963	14,756	162,935	407,569	74,701	96,829	14,081	23,483	6,699	818,016
	331,713	125,822	507,460	1,297,519	354,345	716,834	174,977	159,049	37,074	3,704,793
Less:										
Recoveries	396,655	198,016	515,121	1,358,345	465,156	243,906	-	-	-	3,177,199
Impairment / write-off	-	-	-	-	-	-	-	-	7,920	7,920
Option payments received, net of finder fees	550,212	88,662	-	-	-	-	62,686	-	-	701,560
	(946,867)	(286,678)	(515,121)	(1,358,345)	(465,156)	(243,906)	(62,686)	-	(7,920)	(3,886,679)
Foreign currency translation	1,354	2,138	3,767	672	143	11,881	(17,131)	2,375	(2,263)	2,936
Balance at December 31, 2021	\$ 1,270,219	\$ 652,648	\$ 96,783	\$ 257,152	\$ 101,972	\$ 940,103	\$ 696,252	\$ 161,424	\$ 72,952	\$ 4,249,505

MILLROCK RESOURCES INC.

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6. Exploration and Evaluation Assets (cont'd)

Alaska Properties

(a) 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. Millrock 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, subsequently amended, concerning the 64 North Gold Project with Resolution Minerals Limited (“Resolution”) an ASX listed company. Under a four-year option period, if it goes to completion, Resolution must expend US\$12,000,000 on exploration, pay Millrock US\$200,000 and issue 38 million Resolution shares to Millrock (5,000,000 shares of Resolution were received through December 31, 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 obtain an 80% interest in that block. During the year ended December 31, 2020, Millrock issued Capstone Mining 500,000 Millrock shares to eliminate a royalty on several small claim blocks related to the 64North Gold Project. In February 2021, the Company entered into an agreement to reduce the expenditure amounts for Resolution’s earn in. In return, during the year ended December 31, 2021, Millrock received accelerated and additional Resolution share payments (received 25,000,000 shares (valued at \$742,761), and transferred 6,900,000 of those shares as a finders fee (valued at \$192,549).

(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. During the year ended December 31, 2021, Millrock agreed to assign its option rights and its mineral interests to Felix Gold for cash, share payments and royalty interests (Note 6d).

(c) Chisna, Alaska

During the year ended December 31, 2016, the Company purchased two claim blocks (named Ravine and Grubstake) as well as an extensive proprietary data set that covers the entire Chisna District. During the year ended December 31, 2020, Millrock staked claims to cover a geophysical target and named the claim block DragonSlayer and also staked claims over the POW prospect.

MILLROCK RESOURCES INC.

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Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (cont'd)**(d) Nikolai Project, Alaska****Canwell Property**

During the period ended June 30, 2022, the Company entered into an option agreement to earn a 100% ownership in the Canwell property, located in the Fairbanks Recording district, Alaska. To earn the interest the Company must pay:

- Pay \$25,000 upon signing (paid);
- Issue 1,000,000 shares upon signing (issued with a fair value of \$65,000);
- Pay \$25,000 by June 1, 2022 (paid);
- Pay \$75,000 by September 1, 2022 (paid);
- Issue 1,000,000 shares by September 1, 2022 (issued with a fair value of \$40,000);
- Incur \$50,000 in exploration expenditures by September 1, 2022 (incurred);
- Pay \$100,000 by September 1, 2023;
- Issue 1,000,000 shares by September 1, 2023;
- Incur \$250,000 in exploration expenditures by September 1, 2023;
- Pay \$125,000 by September 1, 2024;
- Issue 1,000,000 shares by September 1, 2024;
- Incur \$1,000,000 in exploration expenditures by September 1, 2024;
- Pay \$150,000 by September 1, 2025;
- Issue 1,000,000 shares by September 1, 2025;
- Incur \$1,500,000 in exploration expenditures by September 1, 2025;
- Incur \$1,500,000 in exploration expenditures by September 1, 2026;

There is a 3-per-cent net smelter return (NSR) royalty, payable to the optionor, and the Company has the option to reduce the NSR royalty to 2 per cent by paying US\$2,000,000. The NSR royalty may be further reduced to 1 per cent and 0 per cent through additional cash payments of US\$3,000,000 and US\$4,000,000, respectively.

(d) Fairbanks District, Alaska

During the year ended December 31, 2021, the Company entered into an agreement whereby Felix Gold Limited (“Felix Gold”), a public company trading on the Australian Securities Exchange, had a right to secure a 100% ownership in the Treasure Creek, Ester Dome, and Liberty Bell projects (“Projects”) projects in accordance with the underlying option agreements for a future share payment. Felix completed the acquisition by paying US\$210,000 in cash during the year ended December 31, 2021 and issuing 9,957,157 Felix Gold shares (valued at \$2,246,335) during the period ended June 30, 2022 subject to an escrow period of two years. The Company retains production royalties in the following three projects:

- Treasure Creek 2.0% Net Smelter Returns (“NSR”);
- Ester Dome 1.5% NSR;
- Liberty Bell 2% NSR; and
- Other claims acquired by Felix Gold in an Area of Interest, 1.0%.

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(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (cont'd)

(d) Fairbanks District, Alaska (cont'd)

Treasure Creek

During the year ended December 31, 2020, Millrock entered into 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 year ended December 31, 2020, the Company issued 500,000 Millrock shares valued at \$105,000. During the exclusive period, which expired in the third quarter of 2021, Millrock is required to keep the claims in good standing by making adequate exploration expenditures (incurred) and making Alaska state claim rental payments (paid). 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. Millrock's rights have been assigned to Felix Gold. Felix must offer the claims and the option back to Millrock if Felix decides to drop the project.

Ester Dome

During the year ended December 31, 2016, Millrock entered into an Exclusive Right to Explore and Enter into an Option Agreement ("Ester Agreement") with Range Minerals Ltd. which was subsequently amended. During the year ended December 31, 2021 Millrock assigned the Ester Agreement to Felix Gold who entered into an option agreement with Range Minerals Ltd. To earn a 100% interest Felix Gold must pay the following amount to Range Minerals Ltd.:

- i) \$30,000 on or before October 15, 2022 (Felix paid);
- ii) \$60,000 on or before October 15, 2023;
- iii) \$90,000 on or before October 15, 2024;
- iv) \$150,000 on or before October 15, 2025;
- v) \$150,000 on or before October 15, 2026.

If Felix Gold earns the interest Millrock will retain a 1.5% NSR. If Felix decides to drop the project Felix must offer the claims and the option back to Millrock.

Grant Mine

During the year ended December 31, 2021, the Company entered into an option agreement to earn a 100% interest in the Grant Mine near Fairbanks, Alaska. This property forms part of the larger Ester Dome exploration project, which is subject to an agreement between Millrock and partner Felix Gold. The Company has paid \$15,000 and Felix Gold has assumed the remaining \$1,900,000 in option payments which consists of. To earn the interest, Felix Gold must pay:

- i) \$85,000 upon title resolution (paid);
- ii) \$150,000 on or before March 25, 2022 (Felix to pay, in discussions to amend);
- iii) \$150,000 on or before March 25, 2023;
- iv) \$200,000 on or before March 25, 2024;
- v) \$200,000 on or before March 25, 2025;
- vi) \$400,000 on or before March 25, 2026;
- vii) \$800,000 on or before March 25, 2027;

In the event that Felix Gold fulfils the option agreement for the Grant Mine, Millrock will vest with a 1.5% NSR on gold production with an advanced minimum royalty provision. Felix must offer the claims and the option back to Millrock if Felix decides to drop the project.

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6. Exploration and Evaluation Assets (cont'd)

Mexico Properties

(a) El Batamote, Mexico

Millrock holds a 100% interest in El Batamote which is comprised of three concessions subject to a 0.5% Net Smelter Returns royalty. The Company paid MX\$115,000 in cash and issued Millrock shares valued at \$20,000 as consideration.

During the year ended December 31, 2021, the Company signed a binding letter agreement with Mine Discovery Fund Pty. Ltd. ("MDF") concerning its El Batamote project in Mexico. MDF is a private Australian company. In good faith, MDF has made an initial \$62,686 (US\$50,000) cash payment upon signing the Letter Agreement. A definitive agreement has been prepared and it is intended that it will be signed immediately following the formation of a Mexico subsidiary company by MDF. MDF has placed Batamote into a wholly-owned subsidiary company called Latin America Copper Limited ("LatCopper") along with other assets in Chile.

(b) San Javier, Mexico

During the year ended December 31, 2021, the Company completed the sale of two small fractional claims called San Javier. Under the agreement a US\$10,000 payment was received during 2020. During the year ended December 31, 2021, the Company received the final option payment of \$77,617 (US\$60,000), which was recorded as other income.

(c) El Picacho, Mexico

During the year ended December 31, 2021, the Company signed a definitive assignment agreement ("Assignment Agreement") with Tocvan Ventures Corp. (CSE: "TOC") ("Tocvan") concerning the El Picacho gold project in the Caborca Orogenic Belt, Sonora State, Mexico.

The Company has reinstated a previously held option agreement with concession owners Suarez Brothers and has now assigned the option rights and obligations to Tocvan. In return, Tocvan has paid back taxes owed by the Suarez Brothers on the mineral concessions and has granted Millrock certain royalty rights in the Assignment Agreement. In the event that Tocvan exercises its option to purchase a 100% interest from the Suarez brothers, Millrock will vest with a 2% Net Smelter Returns ("NSR") royalty. Tocvan may purchase back 1% of the royalty for US\$1.0 million. The royalty contains a provision for an Annual Advance Minimum Royalty ("AMR") that will be triggered if Tocvan exercises the Option Agreement. The initial AMR payment to Millrock would be US\$25,000. The amount of the AMR will double each year until commercial production occurs. Any AMR payments made can be deducted from NSR royalty payments. During the period ended September 30, 2022, the Company impaired the exploration and evaluation asset resulting in an impairment loss of \$215,156.

Other Properties

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.

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7. Project Cost Advance Received

These costs represent advances from earn-in partners for project expenditures that have not been incurred as at September 30, 2022 and December 31, 2021.

8. Right-of-use asset (“ROU”) and lease liability

The Company has lease agreements for its headquarters office space in Anchorage, AK.

The continuity of ROU assets for the period ended September 30, 2022 and year ended December 31, 2021 is as follows:

	Period ended September 30, 2022	Year ended December 31, 2021
Beginning of period	\$ 63,541	\$ 134,913
Amortization of ROU asset	(53,196)	(69,317)
Foreign currency translation	2,271	(2,055)
End of period	\$ 12,616	\$ 63,541

The continuity of lease liabilities for the period ended September 30, 2022 and year ended December 31, 2021 is as follows:

	Period ended September 30, 2022	Year ended December 31, 2021
Lease liability recognized, beginning of period	\$ 78,967	\$ 151,658
Lease payments	(66,731)	(85,068)
Interest expense	4,965	11,775
Foreign exchange adjustment	(470)	602
Lease liability recognized, end of period	\$ 16,731	\$ 78,967
Current lease liability	\$ 16,731	\$ 78,967

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9. Loans Payable

Red Plug loan

During the period ended June 30, 2022, the Company entered into a \$500,000 loan agreement. The loan has a term of 1 year and accrues interest at 6% for the first 6 months and 12% for the remaining 6 months. The Company also issued 2,000,000 bonus common shares with a value of \$100,000.

Paycheck Protection Plan (PPP) loan

During the year ended December 31, 2020, the Company received a 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. As at December 31, 2020, the total amount owing was \$324,464 (US\$254,845).

During the year ended December 31, 2021, the loan was forgiven and the Company recorded a gain on loan forgiveness of \$320,103 (US\$254,845). No interest payment has been recorded for this loan.

10. Share Capital

The Company's authorized share capital consists of an unlimited number of voting common shares without par value. Issued and outstanding at September 30, 2022: 156,172,394 common shares (December 31, 2021: 152,172,394).

During the period ended September 30, 2022, the Company:

- i) issued 2,100,000 common shares with a fair value of \$110,000 for the Canwell option agreement.
- ii) issued 2,000,000 bonus common shares with a fair value of \$100,000 for a loan (Note 9).

During the year ended December 31, 2021, the Company closed a unit financing for total proceeds of \$3,146,435. The financing consisted of 37,016,880 units at a price of \$0.085 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 \$0.1275 per share until March 7, 2023. The Company paid finders fees and share issuance costs consisting of \$208,310 in cash, 116,900 agent warrants exercisable at \$0.1275 until March 7, 2023 and 2,184,880 finders special warrants convertible into 2,184,880 units at \$0.085 until March 7, 2023. Upon conversion of the special warrants the finder will receive 2,184,880 common shares and 2,184,880 warrants convertible into an additional common share at \$0.1275 per share until March 7, 2023. The Company valued the 2,184,880 special warrants at \$229,700 using the Black-Scholes option pricing model (2020 - \$28,748) with the following weighted average assumptions: risk-free interest rate – 0.29%; volatility – 112%; expected dividend yield – 0%; expected warrant life in years – 2 (2020 - risk-free interest rate – 1.5%; volatility – 125%; expected dividend yield – 0%; expected warrant life in years – 2).

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10. Share Capital (cont'd)**Stock Options**

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.

During the period ended September 30, 2022, the Company granted 3,175,000 stock options exercisable at \$0.065 until February 24, 2027 to officers, directors, employees and consultants.

During the year ended December 31, 2021, the Company didn't grant any share options.

The Company used the following weighted average Black-Scholes option pricing model assumptions:

	<u>Period Ended</u> <u>September 30, 2022</u>	<u>Year Ended</u> <u>December 31, 2021</u>
Dividend yield	NIL	NIL
Expected volatility	109.81%	NIL
Risk-free rate of return	1.79%	NIL
Expected life of options	5 years	NIL
Forfeiture rate	NIL	NIL

Total share-based payments expense recognized in the consolidated statements of loss and comprehensive loss on options vesting throughout the period ended September 30, 2022 was \$118,713 (Year ended December 31, 2021 – \$75,837).

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10. Share Capital (cont'd)**Stock Options (cont'd)**

The following table summarizes the Company's outstanding and exercisable share purchase options as of September 30, 2022:

	Number of Options	Weighted Average Exercised
Outstanding and Exercisable at December 31, 2020	9,855,000	\$ 0.20
Expired	(1,250,000)	\$ 0.25
Cancelled	(680,000)	\$ 0.20
Outstanding and Exercisable at December 31, 2021	7,925,000	\$ 0.21
Granted	3,175,000	\$ 0.065
Expired	(1,500,000)	\$ 0.50
Cancelled	(550,000)	\$ 0.12
Outstanding and Exercisable at September 30, 2022	9,050,000	\$ 0.11

As at September 30, 2022, the Company has outstanding and exercisable share purchase options as followed:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
March 26, 2023	920,000	920,000	\$ 0.23
September 30, 2024	1,585,000	1,585,000	\$ 0.09
February 28, 2025	1,830,000	1,830,000	\$ 0.135
November 23, 2025	1,540,000	1,540,000	\$ 0.105
February 24, 2027	3,175,000	1,587,500	\$ 0.065
	9,050,000	7,462,500	

The weighted average remaining contractual life of options outstanding at September 30, 2022 is 2.97 years (December 31, 2021– 2.42 years).

Share Purchase Warrants, Agent Warrants and Finder's Special Warrants

As of September 30, 2022, the Company had outstanding and exercisable warrants and agent warrants for the purchase of common shares, as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and Exercisable at December 31, 2020	47,396,268	\$ 0.17
Issued	39,318,660	\$ 0.1275
Expired	(47,396,268)	\$ 0.17
Outstanding and Exercisable at September 30, 2022 and December 31, 2021	39,318,660	\$ 0.1275

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10. Share Capital (cont'd)**Share Purchase Warrants, Agent Warrants and Finder's Special Warrants (cont'd)**

As at September 30, 2022, the Company has outstanding share purchase warrants as follows:

Expiry Date	Warrants	Exercise Price
March 7, 2023	37,133,780	\$ 0.1275

During the year ended December 31, 2021, the Company issued 116,900 agent warrants (2020 - 390,950) which were valued at \$3,900 using the Black-Scholes option pricing model (2020 - \$28,748) with the following weighted average assumptions: risk-free interest rate – 0.22%; volatility – 101%; expected dividend yield – 0%; expected warrant life in years – 2 (2020 - risk-free interest rate – 1.5%; volatility – 125%; expected dividend yield – 0%; expected warrant life in years – 2).

As at December 31, 2021, the Company had 2,184,880 finder's special warrants convertible into 2,184,880 units at \$0.085 until March 7, 2023 (2020 – N/A). Upon conversion of the special warrants the finder will receive 2,184,880 common shares and 2,184,880 warrants convertible into an additional share at \$0.1275 per share until March 7, 2023.

11. Financial 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 are presented in the table below.

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

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

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

The table set out below summarizes the Company's financial instruments measured at fair value on a recurring basis and shows the level within the fair value hierarchy in which they have been classified.

Financial Instrument	Level	September 30, 2022	December 31, 2021
Cash and cash equivalents	1	\$ 1,099,374	\$ 797,573
Marketable securities	1	\$ 2,018,977	\$ 1,258,768

The fair values of other financial instruments including amounts receivable, accounts payable and accrued liabilities and due to related parties reasonably approximate their carrying values due to their short term nature or market rates for similar instruments.

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11. Financial Instruments (cont'd)**ii) Equity Price Risk**

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity transaction decisions.

iii) 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 total carrying values of the cash and amounts receivable represents the Company's maximum exposure to credit risk. The Company reduces its credit risk on cash by placing these instruments with large financial institutions. The Company manages its risk on amounts receivable by providing monthly reports to property partners and working to receive payments before additional months of expenditures are incurred.

iv) 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, lease liability and due to related parties are expected to be settled within 12 months of September 30, 2022.

v) 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 other working capital (deficiency) items of \$(133,038) (December 31, 2021 – \$(453,148)) denominated in US dollars. A ten percent change in the exchange rate would result in a \$13,304 (December 31, 2021 – \$45,315) impact to the Company's net loss and comprehensive loss. The Company has Mexican peso cash and other working capital items of \$253,357 (December 31, 2021 – \$218,187). A ten percent change in the exchange rate would result in a \$25,336 (December 31, 2021 – \$21,819) impact to the Company's net loss and comprehensive 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.

vi) 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 net loss in consolidated financial statements is interest income on Canadian dollar cash and cash equivalents and accretion expense on note payable. The Company is not exposed to significant interest rate risk.

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11. Financial Instruments (cont'd)**vii) Capital Management Risk**

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 payable as of September 30, 2022.

The Company presently derives most of the funding required for its exploration projects from other companies that are earning into the Company's projects. As the projects mature the Company will be dependent on the capital markets as its main source of operating capital and the Company's capital resources will be largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects.

12. Related Party Transactions and Balances

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

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

	Nine Months ended September 30, 2022	Year ended December 30, 2021
Consulting, directors and compensation	\$ 349,107	\$ 277,560
Stock based compensation	47,514	10,800
	\$ 396,621	\$ 288,360

During the period ended September 30, 2022, 1,300,000 stock options (Year ended December 31, 2021 – Nil) were issued to officers and directors with an estimated fair value of \$60,967 (Year ended December 31, 2021 - \$Nil) and recorded stock-based compensation of \$47,514 (Year ended December 31, 2021 - \$19,638) relating to the portion vested throughout the period.

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, 2022, there was \$125,626 (December 31, 2021 – \$48,600) due to related parties for accrued directors' fees, deferred salary expenses and accounting fees. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

MILLROCK RESOURCES INC.*(An Exploration Stage Company)***Notes to Condensed Interim Consolidated Financial Statements**

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*(Expressed in Canadian dollars)***13. Segmented Information**

The Company operates in a single reportable operating segment, being the exploration of mineral properties. The following tables present selected financial information by geographic location:

September 30, 2022				
	USA	Mexico	Canada	Total
As at September 30, 2022				
Assets				
Current assets	\$ 352,506	\$ 287,903	\$ 2,762,102	\$ 3,402,511
Exploration assets	2,863,895	1,058,651	-	3,922,546
Other non-current assets	12,616	-	-	12,616
Total Assets	\$ 3,247,542	\$ 1,346,554	\$ 2,038,790	\$ 7,337,673
For the period ended September 30, 2022				
Net (income) loss	\$ (659,455)	\$ 382,472	\$ 1,035,984	\$ 759,001
Revenue	\$ 305,204	\$ -	\$ -	\$ 305,204
December 31, 2021				
	USA	Mexico	Canada	Total
As at December 31, 2021				
Assets				
Current assets	\$ 774,711	\$ 255,475	\$ 1,470,905	\$ 2,501,091
Exploration assets	3,318,877	930,628	-	4,249,505
Other non-current assets	63,541	-	-	63,541
Total Assets	\$ 4,157,129	\$ 1,186,103	\$ 1,470,905	\$ 6,814,137
For the year ended December 31, 2021				
Net loss	\$ 426,375	\$ 173,756	\$ 1,537,910	\$ 2,138,041
Revenue	\$ 582,039	\$ -	\$ -	\$ 582,039