



**Condensed Interim Consolidated Financial Statements**

For the Six Months ended June 30, 2014

**MILLROCK RESOURCES INC.**

Notice

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**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 six months ended June 30, 2014 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

**MILLROCK RESOURCES INC.***( An Exploration Stage Company )***Consolidated Statements of Financial Position***As at June 30, 2014, and December 31, 2013**( expressed in Canadian dollars )**Going concern - Note 2*

<b>ASSETS</b>	<b>30-Jun-2014</b>	<b>31-Dec-2013</b>
Current assets		
Cash and cash equivalents	\$ 1,230,047	\$ 1,613,607
Security deposit and restricted cash - Note 5	412,312	130,828
Marketable securities - Note 6	94,670	68,199
Amounts receivable	216,731	15,429
Prepaid expenses	260,129	73,861
Total current assets	\$ 2,213,888	\$ 1,901,924
Non-current assets		
Advances on exploration expenditures	-	10,873
Exploration and evaluation assets - Note 4	2,646,566	1,673,077
Property, plant and equipment - Note 7	55,827	29,810
Total non-current assets	\$ 2,702,393	\$ 1,713,760
<b>TOTAL ASSETS</b>	<b>\$ 4,916,281</b>	<b>\$ 3,615,684</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 513,536	\$ 159,396
Income tax payable	100,143	99,869
Project cost advance received	305,397	24,255
Due to related parties - Note 10	26,000	-
Total current liabilities	\$ 945,076	\$ 283,520
<b>Total liabilities</b>	<b>\$ 945,076</b>	<b>\$ 283,520</b>
<b>Shareholders' equity</b>		
Share capital - Note 8	\$ 26,680,218	\$ 25,247,857
Reserves		
Share-based payments - Note 9	3,053,097	3,053,097
Warrants - Note 9	317,880	317,880
Other comprehensive income	(6,025)	36,061
Deficit	(26,073,965)	(25,322,731)
<b>Total shareholders' equity</b>	<b>\$ 3,971,205</b>	<b>\$ 3,332,164</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 4,916,281</b>	<b>\$ 3,615,684</b>

Commitments - Note 15

*These financial statements were approved and authorized for issue by the Board of Directors on August 27, 2014.**They were signed on its behalf by:*

Approved by the directors

Gregory Beischer

Gregory Beischer

Darryl Cardey

Darryl Cardey

See accompanying notes to the consolidated financial statements

**MILLROCK RESOURCES INC.***(An Exploration Stage Company)***Consolidated Statements of Loss and Comprehensive Loss***For the Six Months ended June 30, 2014 and 2013**(expressed in Canadian dollars)*

Going concern - Note 2

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b>Revenue</b>				
Overhead recovery fees	\$ 237	\$ 50,955	\$ 1,157	\$ 81,278
	237	50,955	1,157	81,278
<b>General and administrative expense</b>				
Accounting, audit and legal	67,445	227,954	72,911	284,674
Amortization and depreciation - Note 7	5,097	22,533	21,346	49,711
Consulting, directors and salaries - Note 10	107,168	128,797	266,904	325,034
Foreign exchange (gain)/loss	4,638	-	3,162	-
General exploration	105,504	78,786	133,204	248,341
Investor relations	18,356	41,707	45,113	82,788
Office and miscellaneous expense	135,205	246,656	180,367	276,347
	443,413	746,433	723,007	1,266,895
<b>Loss before other items</b>	<b>\$ (443,176)</b>	<b>\$ (695,478)</b>	<b>\$ (721,850)</b>	<b>\$ (1,185,617)</b>
<b>Other items</b>				
Loss on disposal of assets - Note 7	-	-	-	(1,009)
Write-off of exploration and evaluation assets - Note 4	-	-	-	(2,017,278)
<b>Net loss before income taxes</b>	<b>\$ (443,176)</b>	<b>\$ (695,478)</b>	<b>\$ (721,850)</b>	<b>\$ (3,203,903)</b>
Income tax expense	-	-	(29,384)	(106,050)
<b>Net loss before other comprehensive loss</b>	<b>\$ (443,176)</b>	<b>\$ (695,478)</b>	<b>\$ (751,234)</b>	<b>\$ (3,309,953)</b>
<b>Other comprehensive income/(loss)</b>				
Unrealized gain/(loss) on marketable securities - Note 6	(14,240)	(181,865)	26,470	(136,399)
Cumulative translation adjustment	(121,673)	(46,966)	(68,556)	(31,643)
<b>Comprehensive loss for the period</b>	<b>\$ (579,089)</b>	<b>\$ (924,309)</b>	<b>\$ (793,320)</b>	<b>\$ (3,477,995)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>87,150,221</b>	<b>79,787,581</b>	<b>83,963,549</b>	<b>79,741,109</b>

See accompanying notes to the consolidated financial statements

**MILLROCK RESOURCES INC.***( An Exploration Stage Company )***Consolidated Statements of Cash Flows***For the Six Months ended June 30, 2014 and 2013**( expressed in Canadian dollars )*

Going concern - Note 2

	<b>For the Six Months Ended</b>	
	<b>2014</b>	<b>2013</b>
Cash provided from (used for)		
<b>Operating activities</b>		
Net loss	\$ (751,234)	\$ (3,309,953)
Items not involving cash		
Amortization and depreciation	21,346	49,711
Loss on disposal of assets	-	1,009
Write-off of exploration and evaluation assets	-	2,017,278
	<b>\$ (729,888)</b>	<b>\$ (1,241,956)</b>
Net change in non-cash working capital items		
Amounts receivable	\$ (201,302)	\$ (14,690)
Prepaid expenses	(186,268)	1,868
Accounts payable and accrued liabilities	359,098	(24,816)
Income tax payable	274	5,811
Project cost advance received	281,142	(440,740)
Due to related parties	26,000	11,000
<b>Total cash outflows from operating activities</b>	<b>\$ (450,943)</b>	<b>\$ (1,703,522)</b>
<b>Cashflows from investing activities</b>		
Advances on exploration expenditures	\$ 10,873	\$ -
Purchase of Mexico properties	(290,746)	
Net expenditures on exploration and evaluation assets	(375,563)	(84,506)
Purchase of equipment and property	(48,011)	(4,862)
<b>Total outflows from investing activities</b>	<b>\$ (703,447)</b>	<b>\$ (89,368)</b>
<b>Cashflows from financing activities</b>		
Security deposit and restricted cash	(281,484)	434,986
Share issuance costs	47,813	-
Shares issued for cash	1,004,500	-
Note payable	-	-
<b>Total inflows from financing activities</b>	<b>\$ 770,829</b>	<b>\$ 434,986</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>\$ (383,560)</b>	<b>\$ (1,357,904)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,613,607</b>	<b>3,945,929</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 1,230,047</b>	<b>\$ 2,588,025</b>

See accompanying notes to the consolidated financial statements

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

Period From December 31, 2012 to June 30, 2014

(expressed in Canadian dollars)

Going concern - Note 2

	Common Shares (Note 7)		Reserves			Deficit	Total Shareholders' Equity
	Shares	Amount	Share-based Payment	Warrants	Other Comprehensive Income		
<b>Balance, December 31, 2012</b>	<b>79,892,581</b>	<b>\$ 24,769,518</b>	<b>\$ 3,042,155</b>	<b>\$ 317,880</b>	<b>\$ 4,713</b>	<b>\$ (18,233,624)</b>	<b>\$ 9,900,642</b>
Issuance of common shares for exploration and evaluation assets	145,000	29,250	-	-	-	-	29,250
Cumulative translation adjustment	-	-	-	-	(31,643)	-	(31,643)
Unrealized loss on available-for-sale marketable securities	-	-	-	-	(136,399)	-	(136,399)
Loss for the period	-	-	-	-	-	(3,309,953)	(3,309,953)
<b>Balance, June 30, 2013</b>	<b>80,037,581</b>	<b>\$ 24,798,768</b>	<b>\$ 3,042,155</b>	<b>\$ 317,880</b>	<b>\$ (163,329)</b>	<b>\$ (21,543,577)</b>	<b>\$ 6,451,897</b>
Issuance of common shares for cash pursuant to private placements	6,700,000	452,250	-	-	-	-	452,250
Stock-based compensation	-	-	10,942	-	-	-	10,942
Share issue costs and finder's fee	-	(3,161)	-	-	-	-	(3,161)
Cumulative translation adjustment	-	-	-	-	199,390	-	199,390
Loss for the period	-	-	-	-	-	(3,779,154)	(3,779,154)
<b>Balance, December 31, 2013</b>	<b>86,737,581</b>	<b>\$ 25,247,857</b>	<b>\$ 3,053,097</b>	<b>\$ 317,880</b>	<b>\$ 36,061</b>	<b>\$ (25,322,731)</b>	<b>\$ 3,332,164</b>
Issuance of common shares for exploration and evaluation assets	7,312,297	475,674	-	-	-	-	475,674
Issuance of common shares for cash pursuant to private placements	20,090,000	1,004,500	-	-	-	-	1,004,500
Share issue costs and finder's fee	-	(47,813)	-	-	-	-	(47,813)
Cumulative translation adjustment	-	-	-	-	(68,556)	-	(68,556)
Unrealized gain on available-for-sale marketable securities	-	-	-	-	26,470	-	26,470
Loss for the period	-	-	-	-	-	(751,234)	(751,234)
<b>Balance, June 30, 2014</b>	<b>114,139,878</b>	<b>\$ 26,680,218</b>	<b>\$ 3,053,097</b>	<b>\$ 317,880</b>	<b>\$ (6,025)</b>	<b>\$ (26,073,965)</b>	<b>3,971,205</b>

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Six Months Ended June 30, 2014

(Expressed in Canadian dollars)

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**1. Nature of Operations**

Millrock Resources Inc. ("Millrock" or the "Company") is a public Company listed on the TSX Venture Exchange. The corporate office of the Company is Suite 800, 789 W. Pender, Vancouver, British Columbia, V6C 1H2.

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. Option-in agreements are made with partners 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, 2013 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, 2013.

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%
Pembrook Mexico Holdings Corp	Canada	100%
Paget Southern Resources	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. In addition, the Company records its 35% interest in the Estelle joint venture at cost. All intercompany transactions and balances are eliminated on consolidation.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Six Months Ended June 30, 2014

(Expressed in Canadian dollars)

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The following Standards are effective for annual periods beginning on or after January 1, 2014. The Company adopted the following standards.

- i. IFRIC 21 Levies - This interpretation of IAS 37, 'Provisions, *Contingent Liabilities and Contingent Assets*', applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. There was no material impact on these unaudited condensed consolidated interim financial statements as a result of the adoption of this standard.

The following Standards are effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact, if any, of these standards.

- i. IFRS 9 Financial Instruments was issued November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

These condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the next twelve months and that it will be able to realize its assets and meet its liabilities in the normal course of operations. Realization value may be substantially different from carrying value as shown and these interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values, classification of assets and liabilities should the Company be unable to continue as a going concern. As of June 30, 2014, the Company had not yet achieved profitable operations, but had working capital of \$1,268,812 (December 31, 2013: \$1,618,404) and accumulated deficit of \$26,073,965 (December 31, 2013 \$25,322,731). 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 is dependent on continuation of some of its existing partnerships, partnering additional exploratory prospects or raising equity financing. The Company is currently considering all appropriate options however there is no assurance that partners or financing will be obtained, or obtained on commercially favourable terms.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the



**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Six Months Ended June 30, 2014

(Expressed in Canadian dollars)

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. Acquisition**

On June 6, 2014, the Company acquired Pembroke Mexico Holdings Corp ("PMXH") under the terms of a letter agreement dated May 23<sup>rd</sup>, 2014, between Millrock Resources and Pembroke Mining Corp. ("Pembroke"). PMXH, through its Mexican subsidiary, wholly owns nine mineral properties and two optioned mineral properties in Mexico.

The Company has determined that this transaction represents an asset acquisition with the Company identified as the acquirer.

The tables below present the purchase cost and the allocation of the purchase price with respect to the valuation of individual asset groups and determination of tax values of the assets and liabilities acquired. The information disclosed in this note is preliminary and may change upon the final calculation of the purchase price as a result of further evaluation of the fair value of assets acquired and tax pools in Mexico. For the purpose of these consolidated financial statements, the purchase consideration has been allocated to the fair value of assets acquired and liabilities assumed, based on management's best estimates and all available information at the time of the PMXH acquisition.

In the acquisition agreement it is stated that on the anniversary date, if Pembroke has not sold any shares of Millrock they will be entitled to a share issuance to maintain their 7.76% ownership in Millrock. The anti-dilution valuation shown below is based on the calculation of weighted probabilities that Millrock will have to issue shares to Pembroke to maintain their original ownership.

	<b>Purchase Price Consideration</b>
7,297,297 MRO Shares (issued)	474,324
Cash	290,746
Anniversary payment (in cash or shares)	250,000
Anti-dilution valuation	151,774
Total	1,166,844

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Six Months Ended June 30, 2014

(Expressed in Canadian dollars)

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	<b>Purchase Price Allocation</b>
<b>Assets</b>	
Cash	50,181
Accounts receivable	7,682
Prepaid expenses	11,816
Deposits	163,056
Equipment	47,997
Exploration & evaluation assets	917,129
	<u>1,197,860</u>
<b>Liabilities</b>	
Accounts payable	<u>31,016</u>
Net assets acquired	<u>1,166,844</u>

**4. Exploration and Evaluation Assets**

This section describes pertinent changes to each of Millrock's projects during the quarter. The notes should be read in conjunction with prior financial statements that describe the agreement terms underlying property owners and earn-in partners.

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

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Six Months Ended June 30, 2014

(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Alaska										Arizona				USA	
	Bluff*	Council*	Cristo	Estelle	Pluton*	Humble	Fortymile	Stellar	Uncle Sam*	Q4P	Galiuro	Dry Mtn.*	San Jose*	Monsoon*	Other	Total
Balance at December 31, 2013	\$ -	\$ -	\$ 2,062	\$ 623,970	\$ -	\$ 3,551	\$ 451,721	\$ 241,228	\$ -	\$ 3,726	\$ 17,100	\$ -	\$ -	\$ -	\$ 329,717	\$ 1,673,077
Addition during the year																
Option costs:																
Option payments - cash	-	-	-	-	-	-	-	-	-	-	11,039	-	-	-	10,670	21,709
Shares issued	-	-	-	-	-	-	-	-	-	-	1,350	-	-	-	-	1,350
	-	-	-	-	-	-	-	-	-	-	12,389	-	-	-	10,670	23,059
Exploration costs:																
Non-reimbursable costs	-	-	-	5,529	-	-	-	-	-	-	-	-	-	-	1,093	6,622
Acquisition	-	-	-	-	-	-	-	10,816	-	-	-	-	-	-	48,548	59,363
Drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geochemistry	-	-	-	-	-	-	-	-	-	-	242	-	-	-	217	459
Geology	-	-	-	5,359	-	-	-	12,163	-	-	1,699	-	-	-	46,608	65,829
Geophysics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,015	48,015
Environmental and permitting	-	-	-	53	-	107	107	-	-	-	-	-	-	-	-	267
External relations	-	-	-	208	-	-	-	-	-	-	-	-	-	-	11,837	12,045
Support and equipment	-	-	-	7,353	-	-	-	10,762	-	-	3,503	-	-	-	149,765	171,383
	-	-	-	18,502	-	107	107	33,741	-	-	5,444	-	-	-	306,083	363,983
Less:																
Recoveries	-	-	-	12,973	-	-	-	-	-	-	-	-	-	-	308,330	321,303
Option payments received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on option payments received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on shares received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	12,973	-	-	-	-	-	-	-	-	-	-	308,330	321,303
Net additions	-	-	-	5,529	-	107	107	33,741	-	-	17,833	-	-	-	8,423	65,740
Foreign currency translation	-	-	6	1,810	-	11	1,441	(343)	-	14	69	-	-	-	1,497	4,505
Balance at June 30, 2014	\$ -	\$ -	\$ 2,068	\$ 631,309	\$ -	\$ 3,669	\$ 453,269	\$ 274,625	\$ -	\$ 3,740	\$ 35,002	\$ -	\$ -	\$ -	\$ 339,638	\$ 1,743,321

\*Property was fully written off in 2013

**MILLROCK RESOURCES INC.**

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(Expressed in Canadian dollars)

## Exploration and Evaluation Assets

	Mexico						Corporate
	Caotan	Las Cuarentas	Guadalcazar	Ramard	Rio Sonora	Other	Total
Balance at June 6, 2014	\$ 32,861	\$ 339,261	\$ 308,087	\$ 42,056	\$ 186,817	\$ 8,045	\$ 917,128
Addition during the year							
Option costs:							
Option payments - cash	-	-	-	-	-	-	21,709
Shares issued	-	-	-	-	-	-	1,350
	-	-	-	-	-	-	23,059
Exploration costs:							
Non-reimbursable costs	-	-	-	-	-	-	6,622
Acquisition	-	-	-	-	-	-	59,363
Drilling	-	-	-	-	-	-	-
Geochemistry	-	-	-	-	-	-	459
Geology	-	-	7,777	-	-	-	7,777
Geophysics	-	-	-	-	-	-	48,015
Environmental and permitting	-	-	-	-	-	-	267
External relations	-	-	-	-	-	-	12,045
Support and equipment	1,329	-	3,210	-	-	-	4,539
	1,329	-	10,987	-	-	-	12,316
Less:							
Recoveries	-	-	-	-	-	-	321,303
Option payments received	-	-	-	-	-	-	-
Shares received	-	-	-	-	-	-	-
Gain on option payments received	-	-	-	-	-	-	-
Gain on shares received	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-
	-	-	-	-	-	-	321,303
Net additions	1,329	-	10,987	-	-	-	12,316
Foreign currency translation	(939)	(9,691)	(8,800)	(1,201)	(5,336)	(232)	(26,200)
Balance at June, 30, 2014	\$ 34,190	\$ 339,261	\$ 310,274	\$ 40,855	\$ 186,817	\$ 7,813	\$ 903,244

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Six Months Ended June 30, 2014

(Expressed in Canadian dollars)

## Exploration and Evaluation Assets

	Alaska												Arizona				Other	Total
	Bluff	Council	Cristo	Estelle	Hayes*	Revelation*	Pluton	Humble	Fortymile	Stellar	Uncle Sam	Q4P	Galiuro	Dry Mtn.	San Jose	Monsoon		
Balance at December 31, 2012	\$ 1,140,188	\$ 940,377	\$ 10,039	\$ 1,487,227	\$ -	\$ -	\$ 24,739	\$ 37,327	\$ 462,598	\$ 210,096	\$ -	\$ 80,698	\$ 221,325	\$ 125,437	\$ 308,779	\$ 290,915	\$ 321,682	\$ 5,661,428
Addition during the year																		
Option costs:																		
Option payments - cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,344	78,078	118,422
Shares issued	-	-	-	-	-	-	-	-	-	-	-	-	3,750	3,750	3,750	18,000	-	29,250
	-	-	-	-	-	-	-	-	-	-	-	-	3,750	3,750	3,750	58,344	78,078	147,672
Exploration costs:																		
Non-reimbursable costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	40	1,651	51,736	-	-	-	3,291	19,870	38,959	6,866	1,209	23,780	136	6,015	64,414	51,160	269,127
Drilling	-	-	-	135	-	-	-	-	-	-	-	-	-	302,218	652	74,781	-	377,786
Geochemistry	-	-	-	1,638	-	-	-	-	-	31,686	-	-	-	15,355	833	30,424	546	80,482
Geology	-	2,263	490	137,290	-	-	14,365	3,143	2,288	236,718	-	7,327	14,819	71,056	18,824	127,751	91,631	727,965
Geophysics	-	-	-	2,230	-	-	-	-	-	34	-	-	-	-	4,034	150,227	-	156,525
Environmental and permitting	-	-	-	-	-	-	-	545	-	353	-	-	-	6,543	-	2,961	3,486	13,888
External relations	-	-	-	3,051	-	-	-	1,361	-	-	-	-	-	-	-	-	11,623	16,035
Support and equipment	262	4,881	632	181,558	-	-	48	13,203	6,853	189,566	6,592	2,727	29,526	44,084	28,585	57,819	63,721	630,058
	262	7,184	2,773	377,636	-	-	14,413	21,543	29,011	497,317	13,458	11,263	68,125	439,392	58,943	508,377	222,168	2,271,866
Less:																		
Recoveries	-	-	-	273,816	-	-	-	-	-	245,485	-	-	-	56,074	58,943	548,251	-	1,182,569
Option payments received	-	-	-	-	-	-	-	-	-	-	-	-	-	102,250	255,625	51,125	-	409,000
Shares received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on option payments received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on shares received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write off	1,140,450	947,561	10,761	970,538	-	-	39,152	55,339	42,394	222,039	13,458	88,256	276,194	410,255	56,904	258,260	294,039	4,825,600
	1,140,450	947,561	10,761	1,244,354	-	-	39,152	55,339	42,394	467,524	13,458	88,256	276,194	568,579	371,472	857,636	294,039	6,417,169
Net additions	(1,140,188)	(940,377)	(7,988)	(866,718)	-	-	(24,739)	(33,796)	(13,383)	29,793	-	(76,993)	(204,319)	(125,437)	(308,779)	(290,915)	6,207	(3,997,631)
Foreign currency translation	-	-	11	3,461	-	-	-	20	2,506	1,338	-	21	95	-	-	-	1,829	9,281
Balance at December 31, 2013	\$ -	\$ -	\$ 2,062	\$ 623,970	\$ -	\$ -	\$ -	\$ 3,551	\$ 451,721	\$ 241,228	\$ -	\$ 3,726	\$ 17,100	\$ -	\$ -	\$ -	\$ 329,717	\$ 1,673,077

\*Property was fully written off at YE 2012

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**Alaska Properties****(a) Cristo Property, Alaska**

Millrock staked the St. Eugene and Monte Cristo properties in February 2010. Later in the year, Millrock staked additional, intervening claims that joined the two pre-existing blocks together. The combined properties were renamed Cristo property. Millrock owns a 100% interest in the claims. Because the claims have been staked in one of the areas of interest subject to the Altius Resources Inc. (Altius) strategic alliance, production of minerals will be subject to a royalty payable to Altius. Millrock is seeking another partner for the project.

**(b) Estelle Property, Alaska**

In February 2009, the Company negotiated an agreement with the underlying property owners, Hidefield Gold Plc. and Mines Trust Co. As a result of the agreement the Company became the owner of a 100% interest in the claims subject to a royalty of 3.0% NSR payable from any production that occurs on any of the claims that comprised the property at the time of purchase (1.0% to Hidefield, 1.0% to Mines Trust of which 0.5% may be bought back for US\$1,000,000, and 1.0% to International Tower Hill Mines).

On May 4, 2010 the Estelle project became the subject of an agreement between Millrock and Teck American Inc. a wholly-owned subsidiary of Teck Resources Limited ("Teck"). Presently the ownership levels of the project, as of the report date are Teck 65.6% and Millrock 34.4%. A variety of proposed exploration programs for 2014 were considered but for now the partners have only approved a property maintenance budget for 2014.

**(c) Humble Property, Alaska**

On November 29, 2010 the Company announced that it had staked the block of claims that comprise the project. Millrock currently owns a 100% interest in the claim block. Altius owns a royalty on the claims. Millrock is seeking a partner for the project.

**(d) Fortymile Property, Alaska**

This project, owned 100% by Millrock, was acquired by staking in 2007. Millrock has advanced the project each year since that time. Millrock is seeking a partner for the project.

**(e) Stellar Property, Alaska**

On September 9, 2012 Millrock announced that it had acquired a new copper-gold project by staking of claims which it has called Stellar. The Company is investing substantial effort and expense to research all available information and to acquire some data by purchase agreement. Millrock owns a

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100% interest in the project subject to a royalty payable to Altius pursuant to the terms of the strategic alliance with that company. Millrock is seeking a partner for the project.

**(f) Q4P, Alaska**

The Q4P program was a strategic alliance with Vale Exploration Canada Inc. and Vale Exploration USA, Inc. both wholly owned subsidiaries of Vale S.A. (Vale) that ended in 2012. The Audn property resulted from this alliance. Vale had optioned the property but also terminated their option on these specific claims. Millrock has retained the Audn property and is seeking a partner.

**Arizona Properties****(g) Galiuro Property, Arizona**

On January 14, 2008, the Company entered into an agreement to purchase the Galiuro property located in southeastern Arizona. The agreement with the underlying owner is in good standing. The mineral rights held by Millrock were significantly reduced in 2013. Some of the rights were returned to the underlying owner and others were allowed to lapse. The carrying value of Galiuro has been written off, however, Millrock has retained rights near the Fourmile prospect and maintained the agreement with the underlying owner. Millrock is seeking another partner for the project.

**Mexico Properties**

**(h)** On June 6, 2014 Millrock entered an agreement to purchase PMXH and all of its assets, which include the shares of a wholly-owned Mexican subsidiary and its nine 100%-owned mineral properties which include: Rio Sonora, Las Cuarentes Este, Las Cuarentes Oeste, Los Chinos, Ramard, Los Chivos, Villa Hidalgo, Violeta and La Union. The mineral rights contained within the properties at the time of purchase are subject to a royalty payable to Pembroke Mining Corporation. The royalty payable is 1.5% on gold and silver and 1.0% on other metals. The purchase also included two mineral properties under option. The first is Guadalcazar, under option from the Servicio Geologico Mexicano, and the second is Caotan, under option from Riverside Resources Inc. Millrock is preparing to market the projects to interested joint venture partners.

**(i) Other Properties**

Currently the Company has several other very early stage properties in its portfolio in both the United States and Mexico. 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 known to exist on open ground and on the claims of others. Annually the costs associated with these evaluations are written off if the work does not result in development of a project, or claim holding by Millrock.

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**5. Security Deposit and Restricted Cash**

Security deposit and restricted cash consists of a security deposit for the Company's credit cards and advances from earn-in partners who have forwarded funds to the Company for use on specific properties. The security deposit for the quarter ended June 30, 2014 was \$412,312 (December 31, 2013: \$130,828).

**6. Marketable Securities**

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

Millrock owns 1,136,656 shares of Coventry Resources and 574,505 shares of Chalice Gold Mines, Ltd. On February 8, 2014, 574,505 shares of Chalice Gold Mines were distributed to the Company as the result of Chalice Gold Mines acquiring the Cameron Gold Project from Coventry.

Quoted equity shares	# of shares	6/30/2014		12/31/2013		
		per share	Fair Value	# of shares	per share	Fair Value
Chalice Gold Mines, Ltd TSX-V: CXN	574,505	0.145	83,303	-	-	-
Coventry Resources Inc. TSX-V: CYY	1,136,656	0.01	11,367	1,136,656	0.06	68,199
Total Marketable Securities			<u>\$ 94,670</u>			<u>\$ 68,199</u>

The Company has an unrealized gain of \$26,470 on shares for the six months ended June 30, 2014.



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**7. Property, Plant and Equipment**

	Furniture and fixtures	Office equipment	Leasehold improvement	Software	Vehicle	Total
<b>Cost</b>						
<b>Balance at December 31, 2012</b>	<b>\$ 16,720</b>	<b>\$ 251,282</b>	<b>\$ 15,695</b>	<b>\$ 71,801</b>	<b>\$ 36,354</b>	<b>\$ 391,852</b>
Additions	-	6,278	-	-	-	6,278
Disposals	-	(7,258)	-	-	-	(7,258)
Foreign currency translation	1,155	16,258	1,083	4,959	2,510	25,964
<b>Balance at December 31, 2013</b>	<b>\$ 17,875</b>	<b>\$ 266,560</b>	<b>\$ 16,778</b>	<b>\$ 76,760</b>	<b>\$ 38,864</b>	<b>\$ 416,836</b>
Additions	-	14,424	-	-	33,587	48,011
Disposals	-	-	-	-	-	-
Foreign currency translation	55	395	54	245	(845)	(96)
<b>Balance at June 30, 2014</b>	<b>\$ 17,930</b>	<b>\$ 281,379</b>	<b>\$ 16,832</b>	<b>\$ 77,005</b>	<b>\$ 71,606</b>	<b>\$ 464,751</b>
<b>Depreciation and impairment losses</b>						
<b>Balance at December 31, 2012</b>	<b>\$ 12,430</b>	<b>\$ 155,805</b>	<b>\$ 15,695</b>	<b>\$ 66,581</b>	<b>\$ 27,346</b>	<b>\$ 277,855</b>
Depreciation for the year	3,170	73,170	-	5,235	9,271	90,846
Impairment loss	-	-	-	-	-	-
Disposals	-	(3,120)	-	-	-	(3,120)
Foreign currency translation	967	12,204	1,085	4,944	2,247	21,446
<b>Balance at December 31, 2013</b>	<b>\$ 16,567</b>	<b>\$ 238,058</b>	<b>\$ 16,778</b>	<b>\$ 76,760</b>	<b>\$ 38,864</b>	<b>\$ 387,027</b>
Depreciation for the year	1,011	19,855	-	-	480	21,346
Impairment loss	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Foreign currency translation	23	112	54	245	118	553
<b>Balance at June 30, 2014</b>	<b>\$ 17,601</b>	<b>\$ 258,025</b>	<b>\$ 16,832</b>	<b>\$ 77,005</b>	<b>\$ 39,462</b>	<b>\$ 408,925</b>
<b>Carrying amounts</b>						
<b>Balance at December 31, 2012</b>	<b>\$ 4,290</b>	<b>\$ 95,477</b>	<b>\$ -</b>	<b>\$ 5,220</b>	<b>\$ 9,009</b>	<b>\$ 113,996</b>
<b>Balance at December 31, 2013</b>	<b>\$ 1,308</b>	<b>\$ 28,502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,810</b>
<b>Balance at June 30, 2014</b>	<b>\$ 329</b>	<b>\$ 23,354</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,144</b>	<b>\$ 55,827</b>

**8. 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.

On June 19, 2014, the Company closed a placement for total proceeds of \$1,004,500. The financing consists of 20,090,000 units at a price of \$0.05 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 \$0.10 per share for a period of five years from the closing date.

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Issued and outstanding: 114,139,878 common shares (June 30, 2013: 80,037,581).

	Number of Shares	Share Capital	Share-based payment	Warrants
<b>Balance December 31, 2012</b>	<b>79,892,581</b>	<b>\$ 24,769,518</b>	<b>\$ 3,042,155</b>	<b>\$ 317,880</b>
Issued for mineral properties	145,000	29,250	-	-
Issued for cash pursuant to Private placements	6,700,000	452,250	-	-
Share issue costs and finder's fee	-	(3,161)	-	-
Stock based compensation	-	-	10,942	-
<b>Balance December 31, 2013</b>	<b>86,737,581</b>	<b>\$ 25,247,857</b>	<b>\$ 3,053,097</b>	<b>\$ 317,880</b>
Issued for mineral properties	7,312,297	475,674	-	-
Issued for cash pursuant to Private placements	20,090,000	1,004,500	-	-
Share issue costs and finder's fee	-	(47,813)	-	-
<b>Balance June 30, 2014</b>	<b>114,139,878</b>	<b>\$ 26,680,218</b>	<b>\$ 3,053,097</b>	<b>\$ 317,880</b>

**9. 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 and 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.

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The fair value of the options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2014</u>	<u>2013</u>
Dividend yield	Nil	Nil
Expected volatility	-	156%
Risk-free rate of return	-	1.25%
Expected life of options	-	5 years

Total share-based payments recognized in the interim consolidated statements of loss during the quarter ended June 30, 2014 was \$0 (June 30, 2013: \$0).

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

	Number of Share	Weighted Average Exercise Price (\$CDN)
Issued and outstanding common shares	114,139,878	-
Incentive stock options	4,965,000	\$ 0.38
Share purchase warrants	40,491,000	\$ 0.24
	159,595,878	-

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The following table summarizes the Company's outstanding and exercisable share purchase options as of June 30, 2014:

<b>Stock options</b>	<b>Options</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding &amp; Exercisable at December 31, 2012</b>	<b>6,840,000</b>	<b>\$0.36</b>
Cancelled	(50,000)	\$0.48
Cancelled	(50,000)	\$0.21
Cancelled	(50,000)	\$0.89
Cancelled	(100,000)	\$0.21
Expired on April 1, 2013	(50,000)	\$0.36
Cancelled	(25,000)	\$0.25
Cancelled	(50,000)	\$0.18
Cancelled	(125,000)	\$0.25
Cancelled	(70,000)	\$0.75
Cancelled	(50,000)	\$0.48
Cancelled	(240,000)	\$0.21
Granted July 17, 2013	150,000	\$0.10
Expired on August 21, 2013	(580,000)	\$0.25
Cancelled	(35,000)	\$0.75
Cancelled	(25,000)	\$0.21
<b>Outstanding &amp; Exercisable at December 31, 2013</b>	<b>5,490,000</b>	<b>\$0.37</b>
Cancelled	(25,000)	\$0.60
Cancelled	(25,000)	\$0.21
Expired on May 8, 2014	(325,000)	\$0.18
Cancelled	(100,000)	\$0.60
Cancelled	(50,000)	\$0.21
<b>Outstanding &amp; Exercisable at June 30, 2014</b>	<b>4,965,000</b>	<b>\$0.38</b>

The weighted average remaining contractual life of options outstanding at June 30, 2014 is 2.13 years (June 30, 2013: 2.69 years).

**(b) Share Purchase Warrants and Agent Warrants**

On June 19, 2014, the Company issued 20,090,000 units which consisted of shares and warrants exercisable at \$0.10 per share. The Company also issued 1,206,000 finders' warrants exercisable at \$.10 per share.

The shares issuance with the private placement units were fair valued using the market price on the date of the transaction. The residual value of zero was allocated to the share purchase warrants.

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As of June 30, 2014, the Company had outstanding and exercisable warrants and agent warrants for the purchase of 40,491,000 common shares, as follows:

Issued Date	Number of Warrants	Exercise Price	Expiry Date
<b>Outstanding at December 31, 2011</b>	<b>11,013,750</b>		
Expired - Issued on September 17, 2009	(4,540,000)	\$ 0.50	9-Jun-12
Expired - Issued on July 7, 2010	(375,000)	\$ 0.50	9-Jul-12
Expired - Issued on August 19, 2011	(2,648,750)	\$ 0.55	19-Aug-12
Issued for private placement - October 31, 2012	9,045,000	\$ 0.35	31-Oct-15
<b>Outstanding at December 31, 2012</b>	<b>12,495,000</b>		
Issued for private placement - October 13, 2013	6,700,000	\$ 0.15	9-Oct-18
Issued for private placement - June 19, 2014	20,090,000	\$ 0.10	19-Jun-19
Agent warrants issued, finders' option for private placement, June 19, 2014	1,206,000	\$ 0.10	19-Jun-19
<b>Outstanding at June 30, 2014</b>	<b>40,491,000</b>		
<b>Weighted average price</b>		<b>\$ 0.24</b>	

**(c) Disclosure of Outstanding Share Data**

The following table summarizes the number of common shares, stock options and share purchase warrants as of June 30, 2014:

	Amount	Exercise Price	Expiry Date
Common Shares outstanding as of June 30, 2014	114,139,878		
Warrants	3,450,000	\$0.45	June 11, 2015
	9,045,000	\$0.35	October 31, 2015
	6,700,000	\$0.15	October 9, 2018
	21,296,000	\$0.10	June 19, 2019
Employee Stock Options	600,000	\$0.25	December 28, 2014
	200,000	\$0.40	July 19, 2015
	350,000	\$0.40	August 25, 2015
	780,000	\$0.75	November 4, 2015
	10,000	\$0.85	February 8, 2016
	400,000	\$0.64	May 2, 2016
	250,000	\$0.60	August 19, 2016
	65,000	\$0.48	January 31, 2017
	1,810,000	\$0.21	June 21, 2017
	350,000	\$0.23	November 15, 2017
	150,000	\$0.10	July 17, 2018
Fully Diluted Shares Outstanding	159,595,878		

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**10. Related Party Transactions**

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

	<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Consulting, directors and salaries	\$ 195,059	\$ 343,490
Stock based compensation	-	-
	<b>\$ 195,059</b>	<b>\$ 343,490</b>

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 June 30, 2014, due from related parties is \$0 (December 31, 2013: \$0), due to related parties \$26,000 (December 31, 2013: \$0) for directors' fees. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

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

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

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

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

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

The company's financial instruments include: cash and equivalents, accounts receivable, marketable securities, prepaid expenses, accounts payable, and due to related parties. The carrying value of cash and equivalents, accounts receivable, and accounts payable approximates their fair values.

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and amounts receivable are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalent by placing these instruments with institutions of high credit worthiness. The amount that may be

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exposed to credit risk totaling cash and amounts receivable for the quarter ended June 30, 2014 is \$1,509,090.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current.

**(d) Foreign Exchange Risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has cash and working capital items of \$35,228 (June 30, 2013: \$84,273) denominated in US dollars. A ten percent change in the exchange rate would result in a \$3,523 (June 30, 2013: \$94,617) impact to the Company's net income (loss). The Company has Mexican peso cash and working capital items of \$14,413 (June 30, 2013: \$0). A ten percent change in the exchange rate would result in a \$1,441 (June 30, 2013: \$0) impact to the Company's net income (loss). The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities and the risk is not significant.

**(e) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in consolidated financial statements is interest income on Canadian dollar cash and cash equivalents and interest expense on the note payable. The Company is not exposed to significant interest rate risk.

**(f) Management of Capital**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the exploration and development of its mineral properties, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or bring in earn-in partners. Due to the Company's business, the Company regularly enters into earn-in

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agreements where funds are forwarded as part of the option-in agreement. As such, these funds are restricted.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

**12. Subsequent Events**

There are no subsequent events to report.