



**Condensed Interim Consolidated Financial Statements**

For the Three Months Ended March 31, 2016

**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 three months ended March 31, 2016 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 March 31, 2016, and December 31, 2015**(expressed in Canadian dollars)**Going concern - Note 2*

<b>ASSETS</b>	<b>31-Mar-2016</b>	<b>31-Dec-2015</b>
Current assets		
Cash and cash equivalents	\$ 696,460	\$ 1,577,421
Security deposit and restricted cash - Note 4	276,302	386,076
Marketable securities - Note 5	71,812	60,322
Amounts receivable	20,268	22,173
Prepaid expenses and deposit	99,086	117,595
Total current assets	\$ 1,163,928	\$ 2,163,587
Non-current assets		
Exploration and evaluation assets - Note 3	3,200,625	2,994,230
Property, plant and equipment - Note 6	10,399	13,074
Total non-current assets	\$ 3,211,024	\$ 3,007,304
<b>TOTAL ASSETS</b>	<b>\$ 4,374,952</b>	<b>\$ 5,170,891</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 204,470	\$ 250,623
Income tax payable	68,545	72,128
Project cost advance received - Note 9	145,976	247,190
Due to related parties - Note 13	11,500	-
Deferred tax liability	57,092	60,987
Total current liabilities	\$ 487,583	\$ 630,928
<b>Total liabilities</b>	<b>\$ 487,583</b>	<b>\$ 630,928</b>
<b>Shareholders' equity</b>		
Share capital - Note 7	\$ 32,265,528	\$ 32,265,528
Reserves		
Share-based payments - Note 8	3,906,188	3,590,879
Warrants - Note 8	370,425	370,425
Other comprehensive income	121,359	246,457
Deficit	(32,776,131)	(31,933,327)
<b>Total shareholders' equity</b>	<b>\$ 3,887,369</b>	<b>\$ 4,539,963</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 4,374,952</b>	<b>\$ 5,170,891</b>

*These financial statements were approved and authorized for issue by the Board of Directors on May 27, 2016.**They were signed on its behalf by:*

Approved by the directors

Gregory BeischerDarryl Cardey

Gregory Beischer

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 Three Months ended March 31, 2016 and 2015**( expressed in Canadian dollars)*

Going concern - Note 2

	<b>For the Three Months Ended</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Revenue</b>		
Overhead recovery fees	\$ 4,474	\$ 25,243
	4,474	25,243
<b>General and administrative expense</b>		
Accounting, audit and legal	65,262	56,817
Amortization, depreciation, and impairment - Note 7	1,979	5,458
Consulting, directors and salaries - Note 9	239,380	233,798
Foreign exchange (gain)/loss	22,826	9,897
General exploration	73,001	235,151
Investor relations	82,217	81,850
Office and miscellaneous expense	105,201	104,854
Stock-based compensation - Note 8	257,412	199,563
	847,278	927,388
<b>Loss before other items</b>	<b>\$ (842,804)</b>	<b>\$ (902,145)</b>
<b>Other items</b>		
Gain on disposal of assets - Note 6	-	10,132
<b>Net loss before income taxes</b>	<b>\$ (842,804)</b>	<b>\$ (892,013)</b>
Income tax (Expense)/Recovery	-	(16,134)
<b>Net loss before other comprehensive loss</b>	<b>\$ (842,804)</b>	<b>\$ (908,147)</b>
<b>Other comprehensive income/(loss)</b>		
Unrealized gain/(loss) on marketable securities - Note 5	11,490	14,301
Cumulative translation adjustment	(136,588)	259,943
<b>Comprehensive loss for the period</b>	<b>\$ (967,903)</b>	<b>\$ (633,903)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.04)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>19,862,392</b>	<b>13,304,768</b>

See accompanying notes to the consolidated financial statements

**MILLROCK RESOURCES INC.***(An Exploration Stage Company)***Consolidated Statements of Cash Flows***For the Three Months ended March 31, 2016 and 2015**( expressed in Canadian dollars)*

Going concern - Note 2

	<b>For the Three Months Ended</b>	
	<b>2016</b>	<b>2015</b>
Cash provided from (used for)		
<b>Operating activities</b>		
Net loss	\$ (842,804)	\$ (908,147)
Items not involving cash		
Amortization and depreciation - Note 6	1,979	5,458
Stock-based compensation	257,412	199,563
	<b>\$ (583,413)</b>	<b>\$ (703,126)</b>
Net change in non-cash working capital items		
Amounts receivable	\$ 1,905	\$ (45,563)
Prepaid expenses	18,509	39,894
Accounts payable and accrued liabilities	(71,672)	36,261
Income tax payable	(3,583)	4,473
Project cost advance received	(101,214)	327,796
Due to related parties - Note 9	11,500	(98,162)
<b>Total cash outflows from operating activities</b>	<b>\$ (727,968)</b>	<b>\$ (438,428)</b>
<b>Cashflows from investing activities</b>		
Net expenditures on exploration and evaluation assets	\$ (258,785)	\$ (233,883)
Purchase of equipment and property - Note 6	(3,982)	-
Proceeds from sale of equipment	-	10,132
<b>Total outflows from investing activities</b>	<b>\$ (262,767)</b>	<b>\$ (223,751)</b>
<b>Cashflows from financing activities</b>		
Security deposit and restricted cash	\$ 109,774	\$ (338,479)
<b>Total (outflows)/inflows from financing activities</b>	<b>\$ 109,774</b>	<b>\$ (338,479)</b>
<b>(Decrease)/ Increase in cash and cash equivalents</b>	<b>\$ (880,961)</b>	<b>\$ (1,000,657)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,577,421</b>	<b>3,778,151</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 696,460</b>	<b>\$ 2,777,494</b>

See accompanying notes to the consolidated financial statements

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

Period From December 31, 2014 to March 31, 2016

(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, 2014</b>	<b>19,504,219</b>	<b>\$ 30,241,769</b>	<b>\$ 3,579,681</b>	<b>\$ 331,372</b>	<b>\$ 5,478</b>	<b>\$ (28,184,271)</b>	<b>5,974,029</b>
Issuance of common shares for debt	263,252	120,191	(120,191)	-	-	-	-
Stock-based compensation	-	-	283,124	-	-	-	283,124
Cumulative translation adjustment	-	-	-	-	259,943	-	259,943
Unrealized gain on available-for-sale marketable securities	-	-	-	-	14,301	-	14,301
Loss for the period	-	-	-	-	-	(908,147)	(908,147)
<b>Balance, March 31, 2015</b>	<b>19,767,471</b>	<b>\$ 30,361,960</b>	<b>\$ 3,742,614</b>	<b>\$ 331,372</b>	<b>\$ 279,722</b>	<b>\$ (29,092,418)</b>	<b>5,623,250</b>
Issuance of common shares for exploration and evaluation assets	2,842,888	515,017	-	-	-	-	515,017
Anti-Dilution right	872,890	151,734	(151,734)	-	-	-	-
Issuance of common shares for cash pursuant to private placements	8,321,509	1,331,441	-	-	-	-	1,331,441
Share issue costs and finder's fee	-	(94,624)	-	39,054	-	-	(55,570)
Cumulative translation adjustment	-	-	-	-	(27,582)	-	(27,582)
Unrealized loss on available-for-sale marketable securities	-	-	-	-	(5,683)	-	(5,683)
Loss for the period	-	-	-	-	-	(2,840,909)	(2,840,909)
<b>Balance, December 31, 2015</b>	<b>31,804,758</b>	<b>32,265,528</b>	<b>3,590,879</b>	<b>370,425</b>	<b>246,457</b>	<b>(31,933,327)</b>	<b>4,539,963</b>
Stock-based compensation	-	-	315,309	-	-	-	315,309
Cumulative translation adjustment	-	-	-	-	(136,588)	-	(136,588)
Unrealized loss on available-for-sale marketable securities	-	-	-	-	11,490	-	11,490
Loss for the period	-	-	-	-	-	(842,804)	(842,804)
<b>Balance, March 31, 2016</b>	<b>31,804,758</b>	<b>32,265,528</b>	<b>3,906,188</b>	<b>370,425</b>	<b>121,359</b>	<b>(32,776,131)</b>	<b>3,887,370</b>

\* Please note that Millrock consolidated its shares 10:1 on October 24, 2014.

All share capital balances have been adjusted to be shown on a consolidated basis.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(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. The Company's shares trade on the TSX Venture Exchange under the symbol "MRO". The registered office of the Company is located at 789 West Pender St., Suite 800 Vancouver, British Columbia, Canada 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. Earn-in option 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, 2015 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, 2015.

The condensed consolidated interim financial statements of the Company include the following significant subsidiaries:

Name of Subsidiary	Place of Domicile	Percentage Ownership
Millrock Exploration Corp	USA	100%
Millrock Alaska LLC	USA	100%
Millrock Mexico Holdings Corp	Canada	100%
Recursos Millrock	Mexico	100%

The Company consolidates all of its subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

**IFRS Standards Issued But Not Yet Effective**

*IFRS 9 (Amendment) Financial Instruments*

*IFRS 11 (Amendment) Accounting for Acquisition of Interests in Joint Operations*

*IFRS 15 (Amendment) Revenue from Contracts with Customers*

*IAS 16 (Amendment) Property, Plant and Equipment*

*IAS 38 (Amendment) Intangible Assets*

Management intends to adopt the above standards in the Company's consolidated financial statements as of their effective dates, and is currently considering the impact of the adoption of these standards.

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 March 31, 2016, the Company had not yet achieved profitable operations, but had working capital of \$676,345 (December 31, 2015: \$1,532,659) and accumulated deficit of \$32,776,131 (December 31, 2015 \$31,933,327). 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.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas requiring the use of management's judgments, assumptions and estimates include asset impairment analysis, the useful lives of property, plant and equipment, valuation of share-based payments and warrants, the provision for income tax liabilities, deferred income taxes and assessing and evaluating contingencies. Actual results could differ from these estimates.

These condensed interim consolidated financial statements are presented in Canadian dollars.

**3. Exploration and Evaluation Assets**

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



**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

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 Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Alaska							USA
	Estelle*	Humble	Fortymile*	Peninsula	Stellar	Q4P	Other	Total
Balance at December 31, 2015	\$ -	\$ 17,354	\$ -	\$ 42,258	\$ 84,209	\$ 7,175	\$ 614,388	\$ 765,384
Addition during the year								
Option costs:								
Option payments - cash	-	-	-	-	-	-	34,353	34,353
Shares issued	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	34,353	34,353
Exploration costs:								
Non-reimbursable costs	-	-	-	14,505	-	-	57,925	72,430
Acquisition	-	-	-	2,748	30,137	-	311	33,196
Drilling	-	-	-	-	-	-	-	-
Geochemistry	-	-	-	18,472	-	-	-	18,472
Geology	-	-	-	2,342	-	-	35,890	38,232
Geophysics	-	-	-	-	-	-	-	-
Environmental and permitting	-	-	-	-	-	-	382	382
External relations	-	-	-	-	-	-	-	-
Support and equipment	-	-	-	4,471	2,097	-	22,660	29,229
	-	-	-	42,538	32,234	-	117,168	191,941
Less:								
Recoveries	-	-	-	28,033	32,234	-	16,304	76,571
	-	-	-	28,033	32,234	-	16,304	76,571
Net additions	-	-	-	14,505	-	-	135,217	149,722
Foreign currency translation	-	(1,070)	-	(3,400)	(5,190)	(442)	(45,286)	(55,389)
Balance at March 31, 2016	\$ -	\$ 16,284	\$ -	\$ 53,363	\$ 79,019	\$ 6,733	\$ 704,319	\$ 859,718

\*Property was fully written off in 2015

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Mexico							British Columbia	Corporate
	Coatan*	Los Cuarentas	Guadalcazar	Ramard	Rio Sonora*	Other	Total		
Balance at December 31, 2015	\$ -	\$ 625,165	\$ 540,909	\$ 52,774	\$ -	170,762	\$ 1,389,609	\$ 839,234	\$ 2,994,230
Addition during the year									
Option costs:									
Option payments - cash	-	-	-	-	-	-	-	-	34,353
Shares issued	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	34,353
Exploration costs:									
Non-reimbursable costs	-	-	-	-	-	-	-	-	72,430
Acquisition	-	15,736	270	-	-	28,215	44,221	-	77,417
Drilling	-	-	-	-	-	-	-	-	-
Geochemistry	-	10,954	-	-	-	1,773	12,727	-	31,199
Geology	-	12,378	250	525	-	55,760	68,913	45,871	153,015
Geophysics	-	-	-	-	-	-	-	-	-
Environmental and permitting	-	-	-	-	-	-	-	-	382
External relations	-	-	-	-	-	-	-	-	-
Support and equipment	-	1,067	-	3,426	-	9,409	13,902	15,246	58,377
	-	40,135	520	3,951	-	95,157	139,763	61,116	392,821
Less:									
Recoveries	-	-	-	-	-	-	-	-	76,571
	-	-	-	-	-	-	-	-	76,571
Net additions	-	40,135	520	3,951	-	95,157	139,763	61,116	350,602
Foreign currency translation	-	(40,370)	(34,552)	(3,414)	-	(10,483)	(88,819)	-	(144,207)
Balance at March 31, 2016	\$ -	\$ 624,930	\$ 506,877	\$ 53,311	\$ -	\$ 255,437	\$ 1,440,554	\$ 900,350	\$ 3,200,625

\*Property was fully written off in 2015

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Alaska							Arizona		USA
	Cristo*	Estelle	Humble	Fortymile	Peninsula	Stellar	Q4P	Galiuro*	Other	Total
Balance at December 31, 2014	\$ -	\$ 285,151	\$ 8,049	\$ 132,729	\$ 106,243	\$ 68,871	\$ 5,040	\$ -	\$ 344,897	\$ 950,980
Addition during the year										
Option costs:										
Option payments - cash	-	-	-	-	-	-	-	-	1,309	1,309
Shares issued	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	1,309	1,309
Exploration costs:										
Non-reimbursable costs	-	-	-	-	66,767	18,980	-	-	8,636	94,383
Acquisition	-	-	7,477	25	36,171	14,314	1,121	-	391,949	451,057
Drilling	-	-	-	-	690,250	-	-	-	-	690,250
Geochemistry	-	-	-	-	38,336	-	-	-	210	38,546
Geology	-	-	-	-	56,329	3,884	-	-	259,882	320,095
Geophysics	-	-	-	-	327	-	-	-	-	327
Environmental and permitting	-	-	-	-	35,162	-	-	-	-	35,162
External relations	-	-	-	-	12,615	-	-	-	-	12,615
Support and equipment	-	1,319	-	-	1,079,609	9,902	-	-	100,101	1,190,932
	-	1,319	7,477	25	2,015,566	47,080	1,121	-	760,778	2,833,367
Less:										
Recoveries	-	-	-	-	1,948,799	13,791	-	-	499,516	2,462,106
Option payments received	-	-	-	-	-	33,378	-	-	-	33,378
Shares received	-	-	-	-	-	-	-	-	-	-
Gain on option payments received	-	-	-	-	-	-	-	-	-	-
Gain on shares received	-	-	-	-	-	-	-	-	-	-
Write off	-	341,605	-	158,372	158,990	-	-	-	72,530	731,497
	-	341,605	-	158,372	2,107,789	47,168	-	-	572,046	3,226,980
Net additions	-	(340,286)	7,477	(158,347)	(92,223)	(88)	1,121	-	190,041	(392,304)
Foreign currency translation	-	55,135	1,828	25,618	28,237	15,426	1,014	-	79,450	206,709
Balance at December 31, 2015	\$ -	\$ -	\$ 17,354	\$ -	\$ 42,258	\$ 84,209	\$ 7,175	\$ -	\$ 614,388	\$ 765,384

\*Property was fully written off in 2014

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

# Exploration and Evaluation Assets

	Mexico							British Columbia	Corporate
	Coatan	Los Cuarentas	Guadalcazar	Ramard	Rio Sonora	Other	Total		
Balance at December 31, 2014	\$ 52,097	\$ 429,556	\$ 431,528	\$ 87,636	\$ 335,543	\$ 30,070	\$ 1,366,428	\$ -	\$ 2,317,409
Addition during the year									
Option costs:									
Option payments - cash	-	-	-	-	-	-	-	313,000	314,309
Shares issued	-	-	-	-	-	23,077	23,077	491,940	515,017
	-	-	-	-	-	23,077	23,077	804,940	829,326
Exploration costs:									
Non-reimbursable costs	-	-	-	-	-	-	-	-	94,385
Acquisition	21,511	123,411	78,799	19,377	171,098	36,708	450,904	5,343	907,304
Drilling	-	87	-	-	-	-	87	-	690,337
Geochemistry	168	14,685	11,229	12,841	4,424	21,062	64,409	-	102,955
Geology	4,532	43,517	10,745	1,719	35,081	66,315	161,910	-	482,004
Geophysics	-	-	-	-	-	-	-	-	327
Environmental and permitting	-	-	-	-	-	-	-	-	35,162
External relations	-	-	-	-	-	-	-	-	12,615
Support and equipment	958	4,490	791	92	8,763	16,213	31,307	28,951	1,251,190
	27,169	186,190	101,564	34,029	219,366	140,299	708,616	34,294	3,576,279
Less:									
Recoveries	-	-	-	-	-	20,482	20,482	-	2,482,588
Option payments received	-	-	-	-	-	-	-	-	33,378
Shares received	-	-	-	-	-	-	-	-	-
Gain on option payments received	-	-	-	-	-	-	-	-	-
Gain on shares received	-	-	-	-	-	-	-	-	-
Write off	79,873	-	-	70,367	560,960	3,631	714,831	-	1,446,327
	79,873	-	-	70,367	560,960	24,113	735,313	-	3,962,293
Net additions	(52,704)	186,190	101,564	(36,339)	(341,594)	139,263	(3,620)	839,234	443,312
Foreign currency translation	606	9,420	7,817	1,477	6,051	1,429	26,800	-	233,509
Balance at December 31, 2015	\$ -	\$ 625,165	\$ 540,909	\$ 52,774	\$ -	\$ 170,762	\$ 1,389,609	\$ 839,234	\$ 2,994,230

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

**Alaska Properties****(a) 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 net smelter royalty of 3.0% 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"). The earn-in option project partners carried out geophysical and geological surveys and drilling. The partners agreed to reduce the claim block resulting in a partial write off in 2013. No work on the property was done in 2014 except for camp maintenance. The claim block was further reduced in size and a further write-off was made. In 2015 the partners elected to fully abandon and write off the property.

**(b) 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 which was significantly reduced in the fourth quarter of 2013. Altius owns a royalty on the claims. Millrock reduced the size of the claim block, took a partial write off in 2013 and further reduced the block to a core holding in 2014. The Company is seeking a partner for the project.

**(c) Fortymile Property, Alaska**

This project, owned 100% by Millrock, was acquired by staking in 2007. Millrock and advanced the project each year until 2013. The claim holding was reduced during the fourth quarter of 2013 and a portion of the carrying value was written off. The claim block was further reduced in 2014 and a proportional amount of the carrying value was further written off. The remaining claims were abandoned in 2015 and the carrying value was completely written off at year end 2015.

**(d) Peninsula Property, Alaska**

The Alaska Peninsula project is comprised of mineral lands owned by Bristol Bay Native Corporation. Millrock has previously signed an Exploration Agreement with an Option to lease through which the Company can secure a 100% leasehold interest for mining. The agreement covers a tract of land that covers three known porphyry copper-gold occurrences on the Alaska Peninsula. First Quantum Minerals ("FQM") signed a Right of First Refusal in the first quarter of 2014 and funded a sampling, mapping and geophysics survey. At the end of 2014 FQM decided to enter into an earn-in option agreement and fund a drilling program which took place in the third quarter of 2015. After results of the program FQM opted out of the earn-in agreement. Millrock wrote off the portions of the property that were drilled, but retains rights to a section of the property that was not previously drilled.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

**(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 invested substantial effort and expense to research all available information and to acquire some data by purchase agreement. Millrock owns a 100% interest in the project subject to a royalty payable to Altius pursuant to the terms of the strategic alliance with that company. On August 6, 2013 Millrock announced that it had granted a Right of First Refusal to a major mining company. The mining company funded exploration program costs of approximately US\$300,000. The work was completed and results received. In the fourth quarter of 2013 the mining company decided not to pursue further work on the project. The claim holding was reduced during the fourth quarter of 2013 and a portion of the carrying value was written off. The claim block was further reduced in 2014 and a proportional amount of the carrying value was further written off. In 2015 Millrock made an earn-in option agreement with Vista Minerals. Vista can earn a majority interest in the project by making exploration expenditures and cash payments to Millrock.

**(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. As part of the alliance Vale had optioned the AUDN property but also terminated their option on these specific claims. Millrock significantly reduced the claim block and carrying value in 2013. The claim block has now been reduced to a core holding and corresponding costs written off. The Company is seeking a partner.

**British Columbia Properties**

On December 14, 2015 Millrock announced that it had entered into a series of agreements to consolidate three major land packages in the "Golden Triangle" area, northeast of the town of Stewart, British Columbia. In total Millrock paid \$313,000 in cash and \$491,940 of Millrock shares. Additionally, Millrock paid \$28,000 as the initial payment on certain tenures upon which it has taken an option.

**Mexico Properties**

On June 6, 2014 Millrock entered an agreement to purchase PMXH, now known as Millrock Mexico Holdings, 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, Los Cuarentas Este, Los Cuarentas 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 Coatan, under option from Riverside Resources Inc. Millrock is preparing to market the projects to interested earn-in partners.

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

**(g) Rio Sonora, Mexico**

On October 20, 2014 Millrock entered into a letter of intent with a third party concerning the Rio Sonora project in northern Sonora, Mexico, pursuant to which the third party agreed to fund a \$250,000 initial exploration program and thereby gain the exclusive right to enter an option to earn-in agreement on the project. The date for exercise of the exclusive right was extended by mutual agreement to March 15, 2015, but the third party elected to terminate the option. Subsequent to the year end, Millrock elected to abandon the property. Carrying costs for the property were written off at year end 2015.

**(h) Los Chinos, Mexico**

On March 30, 2016 Millrock entered into an earn-in agreement with a Centerra Gold concerning the Los Chinos project in northern Sonora, Mexico, pursuant to which Centerra agreed to fund a \$350,000 initial exploration program. The agreement provides Centerra the opportunity to earn a 70% interest in the project by making exploration expenditures and option payments over a five year period.

**(i) Los Cuarentas, Mexico**

On March 30, 2016 Millrock entered into an earn-in agreement with a Centerra Gold concerning the Las Cuarentas project in northern Sonora, Mexico, pursuant to which Centerra agreed to fund a \$70,000 initial exploration program. The agreement provides Centerra the opportunity to earn a 70% interest in the project by making exploration expenditures and option payments over a five year period.

**(j) Other Properties**

Currently the Company has several other very early stage properties in its portfolio. These properties are grouped together as "Other Properties" until such time as Millrock has adequately demonstrated mineral potential that warrants individual description, or until Millrock has made an agreement with another Company on the mineral rights. The Company regularly evaluates prospects known to exist on open ground and on the claims of others. Millrock added a number of properties in Mexico and Alaska to its portfolio over the course of 2015. 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.

**4. Security Deposit and Restricted Cash**

Security deposit and restricted cash consists of a security deposit for the Company's credit cards and advances from earn-in partners who have forwarded funds to the Company for use on specific properties. The security deposit for the quarter ended March 31, 2016 was \$276,302 (December 31, 2015: \$386,076).

**5. Marketable Securities**

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



**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

Quoted equity shares	# of shares	3/31/2016		# of shares	12/31/2015	
		per share	Fair Value		per share	Fair Value
Chalice Gold Mines, Ltd TSX-V: CXN	574,505	0.125	71,812	574,505	0.105	60,322
Total Marketable Securities			<u>\$ 71,812</u>			
						<u>\$ 60,322</u>

The Company has an unrealized gain of \$11,490 on shares for the three months ended March 31, 2016.

**6. Property, Plant and Equipment**

	Furniture and fixtures	Office equipment	Leasehold improvement	Software	Vehicle	Total
<b>Cost</b>						
<b>Balance at December 31, 2014</b>	<b>\$ 19,497</b>	<b>\$ 317,291</b>	<b>\$ 18,301</b>	<b>\$ 83,724</b>	<b>\$ 73,562</b>	<b>\$ 512,374</b>
Additions	-	3,982	-	-	-	3,982
Disposals	-	(2,793)	-	-	(21,290)	(24,083)
Foreign currency translation	3,762	56,781	3,532	16,159	6,933	87,167
<b>Balance at December 31, 2015</b>	<b>\$ 23,259</b>	<b>\$ 375,261</b>	<b>\$ 21,833</b>	<b>\$ 99,883</b>	<b>\$ 59,205</b>	<b>\$ 579,440</b>
Foreign currency translation	(5,195)	(79,165)	(4,878)	(22,315)	(10,654)	(122,206)
<b>Balance at March 31, 2016</b>	<b>\$ 21,826</b>	<b>\$ 352,877</b>	<b>\$ 20,487</b>	<b>\$ 93,727</b>	<b>\$ 55,485</b>	<b>\$ 544,401</b>
<b>Depreciation and impairment losses</b>						
<b>Balance at December 31, 2014</b>	<b>\$ 19,455</b>	<b>\$ 287,158</b>	<b>\$ 18,301</b>	<b>\$ 83,724</b>	<b>\$ 46,259</b>	<b>\$ 454,896</b>
Depreciation for the year	45	14,873	-	-	8,363	23,281
Impairment loss	-	8,751	-	-	22,131	30,882
Disposals	-	(467)	-	-	(21,290)	(21,757)
Foreign currency translation	3,759	51,872	3,532	16,159	3,742	79,064
<b>Balance at December 31, 2015</b>	<b>\$ 23,259</b>	<b>\$ 362,187</b>	<b>\$ 21,833</b>	<b>\$ 99,883</b>	<b>\$ 59,205</b>	<b>\$ 566,366</b>
Depreciation for the year	-	14,873	-	-	-	14,873
Foreign currency translation	(1,433)	(34,581)	(1,346)	(6,156)	(3,720)	(47,236)
<b>Balance at March 31, 2016</b>	<b>\$ 21,826</b>	<b>\$ 342,478</b>	<b>\$ 20,487</b>	<b>\$ 93,727</b>	<b>\$ 55,485</b>	<b>\$ 534,002</b>
<b>Carrying amounts</b>						
<b>Balance at December 31, 2014</b>	<b>\$ 42</b>	<b>\$ 30,133</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,303</b>	<b>\$ 57,478</b>
<b>Balance at December 31, 2015</b>	<b>\$ -</b>	<b>\$ 13,074</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,074</b>
<b>Balance at March 31, 2016</b>	<b>\$ -</b>	<b>\$ 10,399</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,399</b>

**7. Share Capital**

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

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

Issued and outstanding: 31,804,758 common shares (March 31, 2015: 19,767,472).

	Number of Shares	Share Capital	Share-based payment	Warrants
<b>Balance December 31, 2014</b>	<b>19,504,219</b>	<b>\$ 30,241,769</b>	<b>\$ 3,579,681</b>	<b>\$ 331,372</b>
Issued for mineral properties	2,842,888	515,017	-	-
Issuance of common shares for debt	263,252	120,191	(120,191)	-
Stock-based compensation	-	-	283,124	-
Issued for Anti-Dilution right	872,890	151,734	(151,734)	-
Issued for cash pursuant to Private placements	8,321,509	1,331,441	-	-
Share issue costs and finder's fee	-	(94,624)	-	39,054
<b>Balance December 31, 2015</b>	<b>31,804,758</b>	<b>\$ 32,265,528</b>	<b>\$ 3,590,879</b>	<b>\$ 370,425</b>
Stock-based compensation	-	-	315,309	-
<b>Balance March 31, 2016</b>	<b>31,804,758</b>	<b>\$ 32,265,528</b>	<b>\$ 3,906,188</b>	<b>\$ 370,425</b>

**8. Share-Based Payments****(a) Share Option Plans**

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant 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.

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:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Dividend yield	Nil	Nil
Expected volatility	134.23%	139.90%
Risk-free rate of return	0.89%	0.51%
Expected life of options	5 years	5 years

Total share-based payments recognized in the interim consolidated statements of loss during the quarter ended March 31, 2016 was \$257,412 (March 31, 2015: \$199,563).

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

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	31,804,758	-
Incentive stock options	2,782,500	\$ 0.62
Share purchase warrants	19,943,393	\$ 0.55
	54,530,651	-

The following table summarizes the Company's outstanding and exercisable share purchase options as of March 31, 2016:

<b>Stock options</b>	<b>Options</b>	<b>Exercise Price</b>
<b>Outstanding &amp; Exercisable at December 31, 2014</b>	<b>426,500</b>	<b>\$3.93</b>
Granted March 13, 2015	1,070,000	\$0.50
Forfeited	(15,000)	\$7.50
Forfeited	(35,000)	\$2.10
Expired on July 19, 2015	(20,000)	\$4.00
Expired on August 25, 2015	(35,000)	\$4.00
Expired on November 4, 2015	(58,000)	\$7.50
<b>Outstanding &amp; Exercisable at December 31, 2015</b>	<b>1,333,500</b>	<b>\$1.03</b>
Expired on February 8, 2016	(1,000)	\$8.50
Granted on February 4, 2016	1,450,000	\$0.25
<b>Outstanding &amp; Exercisable at March 31, 2016</b>	<b>2,782,500</b>	<b>\$0.62</b>

The weighted average remaining contractual life of options outstanding at March 31, 2016 is 4.15 years (March 31, 2015: 4.00 years).

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

As of March 31, 2016, the Company had outstanding and exercisable warrants and agent warrants for the purchase of 19,943,393 common shares, as follows:

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

Issued Date	Number of Warrants	Exercise Price	Expiry Date
<b>Outstanding at December 31, 2014</b>	<b>12,602,140</b>		
Expired June 11, 2015	(345,000)	\$ 4.50	11-Jun-15
Expired October 31, 2015	(904,500)	\$ 3.50	31-Oct-15
Issued for private placement - December 10, 2015 #	8,321,509	\$ 0.22	10-Dec-19
Agent warrants issued, finders' warrants for private placement, December 10, 2015 #	269,244	\$ 0.22	10-Dec-19
<b>Outstanding at December 31, 2015 &amp; March 31, 2016</b>	<b>19,943,393</b>		
**Note these warrants have tiered exercise price of \$0.70 until Oct. 21, 2016 and \$1.00 thereafter until Oct. 21, 2019		<b>Weighted average price</b>	<b>\$ 0.55</b>
# Note these warrants have tiered exercise price of \$0.22 until Dec. 10, 2016, \$0.30 until Dec. 10, 2017, and \$0.40 thereafter until Dec. 10, 2019			

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

The following table summarizes the number of common shares, stock options and share purchase warrants as of March 31, 2016:

	Amount	Exercise Price	Expiry Date
Common Shares outstanding as of March 31, 2016	31,804,758		
Warrants	670,000	\$1.50	October 9, 2018
	2,009,000	\$1.00	June 19, 2019
	120,600	\$1.00	June 19, 2019
**	8,090,000	\$0.70	October 21, 2016
	428,000	\$0.50	October 21, 2019
**	35,040	\$0.70	October 21, 2016
#	8,590,753	\$0.22	December 10, 2019
Employee Stock Options	40,000	\$6.40	May 2, 2016
	25,000	\$6.00	August 19, 2016
	6,500	\$4.75	January 31, 2017
	141,000	\$2.10	June 21, 2017
	35,000	\$2.30	November 15, 2017
	15,000	\$1.00	July 17, 2018
	1,070,000	\$0.50	March 13, 2020
	1,450,000	\$0.25	February 4, 2021
Fully Diluted Shares Outstanding	54,530,651		

\*\*Note these warrants have tiered exercise price of \$0.70 until Oct. 21, 2016 and \$1.00 thereafter until Oct. 21, 2019

# Note these warrants have tiered exercise price of \$0.22 until Dec. 10, 2016, \$0.30 until Dec. 10, 2017, and \$0.40 thereafter until Dec. 10, 2019

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

**9. Related Party Transactions**

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

	<b>Three Months Ended March 31</b>	
	<b>2016</b>	<b>2015</b>
Consulting, directors and compensation	\$ 184,981	\$ 229,731
Stock based compensation	257,412	199,563
	<b>\$ 442,393</b>	<b>\$ 429,294</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 March 31, 2016, due from related parties is \$0 (December 31, 2015: \$0), due to related parties \$11,500 (December 31, 2015: \$0) for directors' fees. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

**10. 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 large financial institutions. Deposits are insured by the governments up to US\$250,000 in the US and CAN\$100,000 in Canada, therefore the maximum

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

amount that may be exposed to credit risk totaling cash, restricted cash, and amounts receivable for the three months ended March 31, 2016 is \$580,780.

**(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 \$31,605 (March 31, 2015: \$54,234) denominated in US dollars. A ten percent change in the exchange rate would result in a \$3,161 (March 31, 2015: \$5,423) impact to the Company's net income (loss). The Company has Mexican peso cash and working capital items of \$30,191 (March 31, 2015: \$183,797). A ten percent change in the exchange rate would result in a \$3,019 (March 31, 2015: \$18,379) impact to the Company's net income (loss). The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities and the risk is not significant.

**(e) Interest Rate Risk**

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

**(f) Management of Capital**

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

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

**MILLROCK RESOURCES INC.**

(An Exploration Stage Company)

For the Three Months Ended March 31, 2016

(Expressed in Canadian dollars)

---

**11. Commitments**

The Company is committed to pay \$42,078 in office rentals for the year 2016.

**12. Subsequent Events**

On April 4, 2016 Millrock announced it expanded its land holdings position for the Todd Creek and Poly projects in British Columbia. The expansion was made via staking.

On April 7, 2016 Millrock announced the acquisition of the Chisna copper-gold project in Alaska. Included in the purchase was a database covering the Chisna claims and surrounding district.

On May 4, 2016 Millrock announced a private placement financing to raise gross proceeds of up to \$3,509,000.