

1. TITLE PAGE

DIVIDE PROSPECT
NOME MINING DISTRICT
SEWARD PENINSULA, ALASKA

NI 43101
Technical Report

February 20, 2008

Prepared for
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3. SUMMARY

Donald L. Stevens, President of Stevens Exploration Management Corp. has been retained by Millrock Resources Inc. to review the Divide Prospect in Alaska and to recommend its further exploration according to the standards of Canadian National Instrument 43-101 (NI 43-101).

The prospect is on the Seward Peninsula about 48 kilometers (30 miles) north of Nome. It consists of approximately 1,191 hectares (2,944 acres) of Alaska State mining claims centrally located in the U.S. Geological Survey North Map, 1:63360 scale. The property is held by claims owned by Dave Lajack, Daniel Lajack, William Lajack and Karol E. Olson. The claims were optioned by NPN Investment Group in July 2007. NPN subsequently changed its name to Alix Resources Corp.

Alix Alaska LLC subsequently Millrock Alaska LLC, a wholly owned subsidiary of Millrock, and Alix Alaska LLC entered into a joint venture agreement whereby the two companies will split all exploration and property costs equally (50:50).

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Millrock will issue 500,000 shares over the same period. After meeting the cash and share issuance obligations of the option, the property will be jointly owned by Millrock and Alix, each company with a 50% share. Millrock will be the exploration operator.

The option agreement between Alix and the claim owners provides that the owners receive a 3% Net Smelter Return royalty upon the commencement of production if the price of gold exceeds \$399 per troy ounce, then a 15% Net Profits Royalty is due the owners of the claims.

Placer gold was discovered on Anvil Creek in present day Nome in 1898. By mid summer 1900, over 18,000 people had made their way to the Seward Peninsula to make their fortune. The first prospecting efforts on Boer Creek, Quartz Creek Divide Creek, and this general area were made in the decade following the discovery. About 135 ounces of placer gold were produced from Boer Creek in 1901-1902. Lode exploration began shortly after discovery of the placers and minor high grade prospect pits and adits were dug throughout the region, with no significant production. Very little lode exploration transpired over the next 80 years.

until 1986 when geologist R.V. Bailey reopened old workings in Rock Creek and discovered sheeted veins in upper Gulcha tributary of Rock Creek. What is now the Rock Creek deposit was discovered shortly thereafter as a result of excavator work in 1987, a succession of major mining companies including Placer Dome, Tenneco, Newmont and Kennecott optioned and explored the property from 1989 through 1994. In 1999 NovaGold Resources acquired the ownership of patented claims at Rock Creek, Alaska Gold Co., and started delineation drilling on the deposit in 2000 and development work in 2005. Production at Rock Creek is expected to commence in the first quarter of 2008.

To date at Divide, four companies including Cominco and several junior mining companies have drilled over 3,219 meters in 46 holes, and trenced over 1,121 meters in 21 trenches. Intervals of significant gold grades were reported in many of these drill holes and trenches.

Lithologies, alteration and mineralization styles at Rock Creek are very similar to those characteristics at Divide. Gold grades are also very similar between the properties. Rock Creek is 27 kilometers (16.8 miles) to the south of Divide and any resources at Divide are thought to be a potential source of mill feed for Rock Creek #1 -alone mill at Divide.

Past work at Divide by other companies, and work accomplished by Millrock in 2007 is encouraging for developing a minable resource of grades comparable to the Rock Creek. The Millrock-Alix joint venture expended \$170,883 in field work in 2007 and is planning for significant additional work in the future. Further drilling, trenching, bulk sampling with metallurgical work and engineering studies is warranted at Divide.

Recommendations for contingent future work includes;

- 1) 3,000 meter (10,000 feet) drill program consisting of core and reverse circulation drilling.
- 2) 300 meter (1000 feet) trenching program.

Drilling and trenching of this quantity will cost a minimum of \$1,500,000. Bulk sampling, metallurgical and engineering work is contingent upon the results of the drilling and trenching programs.

4. INTRODUCTION AND TERMS OF REFERENCE

Millrock Resources Inc. (hereinafter Millrock) conducted a minerals exploration program during the summer of 2007 on the Divide Prospect, located about 48 kilometers (30 miles) north of Nome, Alaska on the Seward Peninsula. This exploration included a diamond drilling program.

This Technical Report was prepared for filing by Millrock pursuant to National Instrument 43101.

Donald L. Stevens Ph. D., CPG is the Qualified Person responsible for the preparation of this Technical Report as filed in National Instrument 43101 Standards of Disclosure for Mineral Projects, and in compliance with Form 43-101. Mr. Stevens previously visited the Boer Creek area in the center of the claim block for a previous client and participated in the discovery of interesting quantities of gold in several places in the creek. He visited the property again in 2007 following the completion of the Millrock exploration program. He is familiar with the property, the Seward Peninsula area, and the project information.

Two NI 43101 compliant reports from previous exploration programs on the Divide prospect by other exploration companies were used in the preparation of this report. They are:

- Van Wyck, Nicholas, 2003, Geologic Report, Project Update Report for the Divide Gold Project, Seward Peninsula, Alaska: prepared for Rio Fortuna Exploration Corp.
- Avalon Development Corp., 2002, Summary Report for the Divide Gold Project, Seward Peninsula, Alaska: prepared for Rio Fortuna Exploration Corp.

Public reports by the U. S. Geological Survey and the Alaska Division of Geological and Geophysical Surveys were also used. Data from exploration programs for which a NI 43101 compliant report was not prepared were used and these data are noted as non NI 43101 compliant. The author of this report believes that these data are accurate.

All dollar figures quoted in this report refer to United States dollars unless otherwise noted. All distances and linear measurements are in meters, kilometers, statute miles, feet, or feet and tenths. Specific gravity refers to grams per metric tonne.

5. RELIANCE ON OTHER EXPERTS

This report was prepared by Donald L. Stevens, Ph.D., CRP, a Qualified Person under NI 43101.

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Divide Prospect, the NI 43101 reports listed above prepared for predecessors on the property by Qualified Persons, data from previous exploration programs, and public reports by government agencies. While it is believed that the information, conclusions, and recommendations are reliable under the conditions and subject to the limitations set forth herein, the author cannot guarantee accuracy. The drilling, geological, geochemical, and geophysical data reported by other companies and government agencies on the prospect and its environs have not been confirmed for this report.

No third party shall be entitled to use or rely on this report without the written consent of U
sole risk, regardless of any fault or negligence on the part of Millrock.

6. PROPERTY DESCRIPTION AND LOCATION

The Divide Prospect is located in northwest Alaska, approximately 48 kilometers (30 miles) north of Nome, a regional hub (See Figure 1). The center of the prospect is located at about 64.855 degrees North latitude, 16.529 degrees West Longitude. The prospect is located in T. 7 S., R. 33 W., Sections 23, 24, 25, 26, 27, 34, 35, and 36, and in T. 8 S., R. 33 W., Section 2, Kateel River Meridian. The prospect is located on the Alaska (D) quadrangle map.

The Divide Prospect is located on Alaska State Land, Title Appointed or Patented to the State. The Divide Prospect is covered by thirty-four (34) State of Alaska mining claims and ten (10) State of Alaska mining claims covering approximately 1,191 hectares (2,944 acres). Alaska state mining claims are patented and property surveys are not required since claims are located as aliquot parts on the MTRSC (Meridian Township, Range, Section, Claim) grid. More state mining claims were staked and recorded during 2007, but have not been formalized by the state yet, so are not included in the numerical totals given above. All known mineralization is now covered by mining claims under the control of Millrock.

The property is held by claims owned by Dave Lajack, Daniel Lajack, William Lajack and Karol E. Olson. The claims were optioned by NPN Investment Group in July 2007. NPN subsequently changed its name to Alix Res Corp. (hereinafter Alix), and transferred the option agreement rights to its wholly owned subsidiary, Alix Alaska LLC. Subsequently, Millrock Alaska LLC, a wholly owned subsidiary of Millrock, and Alix Alaska LLC reached a joint venture agreement whereby the two companies will split all exploration and proper costs equally (50:50). Alix will contribute \$500,000 over a five year period, and Millrock will issue 500,000 shares over the same period. After meeting all the cash and share issuance obligations of the option, the property will be jointly owned by Millrock and Alix, each company with 0.5 share. Millrock will be the exploration operator.

The option agreement between Alix and the claim owners provides that the owners receive a 3% Net Smelter Return royalty upon the commencement of production. If the price of gold exceeds \$399 per ounce, then a 15% Net Profits Royalty is due the owners of the claims.

There are no known environmental liabilities.

For the 2007 exploration program the claim owners had all required permits. The permits included the Alaska Placer Mining Application usually satisfies most permitting requirements. The State Historical Preservation Office issued a letter listing historical artifacts on or near the claims which must not be disturbed. The artifacts include cabins, buildings, a turntable, rail car, and associated artifacts which date back to the first decade after the discovery of gold. The artifacts are not located on the mineralized portion of the Divide prospect. Compliance with this letter will not hinder exploration and development of the prospect.

A Fish Habitat Permit was issued and amended for 2007.

For the 2008 exploration program, Millrock will submit an Alaska Placer Mining Application and will apply for any additional permits of State of Alaska agencies may require after reviewing the planned exploration activities.

7. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Accessibility

Nome is the travel and business hub of the Seward Peninsula, in western Alaska. There are three scheduled commercial jet flights per day between Anchorage and Nome. During summer months, direct flights between Nome and Fairbanks are also available. Freight service is available by ocean barge from Seattle during the summer months, and by several commercial air freight services which operate daily year

The Seward Peninsula road system consists of seasonal gravel roads that extend to the northwest to Teller, northward as far as Taylor, and northeast to Council. Portions of these roads near Nome are maintained year

The Divide claim block is located about 48 kilometers (30 miles) north of Nome and the eastern portion of the claim block crosses the Nome road. Vehicles can be driven from the Divide prospect camp to Nome in less than one hour during the snow months.

Climate

Weather records at Nome summarize the climate as follows. Summer temperatures range from 39° to 56°F.; winter temperatures range from 14°F. with the extreme temperatures of 4° F. and 8° F. Precipitation averages 41.66 centimeters (16.4 inches) which includes 137 centimeters (54 inches) of snow. The average wind is from the north at 9 knots with an extreme wind from the WSW at 46 knots. Summers in Nome are cool, moist, and there is almost always a little wind.

The Bering Sea has a strong influence over the climate. During the summer months, when the sea is ice free, the climate is maritime; in the winter, when the coast is ice covered there is no warming influence by open water, the climate is arctic. At Nome, the average ice breakup date is May 29, with an earliest date of April 28, 1942 and a latest date of 28, 1948. The average freeze date is November 12th, with an earliest date of October 13, 1918 and a latest date of December 13, 1947.

Local Resources

The population of Nome is about 4,000, and is a mix of Inupiat natives, Caucasians, and a variety of smaller ethnic groups. Because of the history of Nome, with the 1898 Gold R

and subsequent mining activities, residents are mostly miners, and excellent mining-related skills are readily available from the Seward Peninsula residents.

Infrastructure

Commercial air travel to Nome from Anchorage is readily available several times per day. Daily air freight service is also available. During the summer months, barge delivery of

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Nome has hotels, apartments, restaurants, vehicle rental agencies, cell phone service (AT&T), regular phone service, internet service, cable TV, gas stations, grocery stores, bulk fuel sales, public schools including a University of Alaska branch, a power plant, city water and sewer, churches, a hospital, etc.

The local government is diligent, responsive, and well-run, with police and fire protection, decent governance, and with a reasonable tax rate.

Physiography

Nome is built on a coastal plain of the Bering Sea, adjacent to the beach and extending part way upslope to low hills. The subdued topography extends to just north of the Divide Prospect, where the topography changes with the greater relief and the glacially carved shaped valleys of the Kigluaik Mountains.

The highest elevation on the Divide prospect is about 625.14 meters (2,051 feet) and the lowest point is about 152.4 meters (500 feet).

8. HISTORY

Placer gold was discovered on Anvil Creek near present day Nome on September 22, 1896 by Jafet Lindeberg, Jon Brynteson, and Leif Erikson. By mid-summer 1900, over 18,000 people had made their way to the Seward Peninsula to make their fortune. The first prospecting efforts on Boer Creek, Quartz Creek, and the Divide Prospect area were made in the decade following the discovery. About 135 ounces of gold were produced from Boer Creek in 1901.

Frank Lajack was done but the claims were allowed to lapse shortly thereafter. Frank knew about the gold-bearing quartz veins and bridges around Boer Creek on what is now the Divide prospect.

In the mid-1980s, the extensive mineralization they identified and named the Divide prospect. The claims are 100% owned by the group consisting of David Lajack, Daniel Lajack, William Lajack, and Karol Olson.

In 1995, Cominco optioned the prospect and conducted exploration work over the next several years. Over 800 soil samples, 75 rock samples, 21 trenches and line pits totaling 1,774.5 meters (5,822 feet), 14 HQ core holes totaling 14.5 kilometers (9 line) miles of ground magnetics and VLF EM were performed. The work by Cominco identified an Ag-Au-Sb soil anomaly measuring 1,219.2 meters (4,000 feet) by 1,828.8 meters (6,000 feet). Cominco terminated the option in 1997 due to a shift in emphasis to zinc exploration.

The property owners continued surface exploration in 2000 and 2001 with more soil and rock sampling. The soil sampling project extended the anomaly at least an additional 365.76 meters (1,200 feet) along strike.

In 2002, Rio Fortuna Exploration Corp. acquired an option on the Divide prospect. Exploration work consisted of 18 drill holes totaling 1,356 meters (4,452 feet), 145 soil samples and 11 rock chip samples. The results of this work confirmed significant gold mineralization on the Divide prospect.

In 2003 through 2005, the property owners performed the required work and made payments to hold on to the claims and keep them

In 2006, drilling was done by Lajack Minerals Group. Nine HQ diameter holes totaling 272.9 meters (895.5 feet) were drilled.

In 2007, NPN Investment Group optioned the property from the NPN owners subsequently changed its name to Alix Resources. Millrock and Alix reached an agreement to split all exploration and property costs equally. Millrock is the operator. In August, 2007 Millrock completed a five hole, 590 meter drilling program on the Divide property. The Millrock/Alix joint venture expended more than \$123,000 on the field work in 2007. The drilling and trenching programs to date are summarized below.

Table 1. Drill Hole and Trench Summary.

Company	No. of DH	Drilling (m)	No. of Trenches	Trenching (m)
Cominco	14	1000	21	1774.5
Rio Fortuna	18	1357	-	-
Lajack Minerals Corp.	9	272.9	-	-
Millrock/Alix	5	590	-	-
<i>Total</i>	46	3219.9	21	1774.5

9. GEOLOGICAL SETTING

REGIONAL GEOLOGY

The Seward Peninsula may be divided into two distinct geologic terranes. The following discussions are adapted from Till, A. B. and Dumoulin, J. A.

The Seward Terrane is an area of 150 by 150 km in the central and eastern peninsula. It is dominated by low and high grade metamorphic rocks and at least three suites of granitic rocks. The most common metamorphic rocks are the blueschist schists of the Nome Group, which form the low rolling hills of the central peninsula including the Divide Prospect. High grade metamorphic rocks include the Kigluaik Group of the Kigluaik Mountains, large bodies of undivided schist and gneiss, and migmatite. These rocks, together with granitic bodies, are exposed in folded mountain ranges that transect the low grade rocks from east to west (the Kigluaik and Bendeleben Ranges) and north to south (the Dar Range). Tertiary and Holocene basins filled with sedimentary and basaltic volcanic rocks are developed in the central and northern Seward terrane. Small amounts of basalt and calcareous sedimentary rocks occur in the eastern part of the terrane, commonly near the Kugruk fault zone. Within this north-trending fault zone, blocks of mylonitic metabasite, serpentinite, and Tertiary or Cretaceous (?) sandstone conglomerate are juxtaposed with rocks of the Nome Group.

The York Terrane, roughly 100 by 75 km, occupies the western Seward Peninsula and the Bering Straits region. It is composed of Ordovician, Silurian, Devonian, Mississippian, and possibly older limestone, argillaceous limestone, dolostone, and phyllite, which are cut by Late Cretaceous thrust-bearing granites.

The boundary between these two terranes is poorly exposed but is thought to be a major thrust fault because of its irregular trace, and differences in metamorphic grade and stratigraphy across the boundary.

Early geologists thought the Seward Peninsula consisted largely of rocks of Precambrian age (Sainsbury, 1975). Microfossil data supports an early Paleozoic age for most units, and Precambrian rocks now are thought to comprise only a small part of the stratigraphy of the Seward Peninsula (Robinson, M. S. and Stevens, D. L.)

DIVIDE PROSPECT GEOLOGY

The country rocks at the Divide prospect are metasedimentary rocks probably of the Nome Group and include graphitic and calcareous schist, gray, and black shale, and

black quartz schist and quartzite. The blueschist facies rocks have retrograded to their present greenschist facies. The schistosity strikes north-northeast and is thought to dip about 30 degrees southeast. Drill core logging has uncertainty about the dip and dip direction. Future drilling, trenching and geologic mapping will resolve this issue and enable better drill targeting. See Figure 2.

10. DEPOSIT TYPES

The Divide Prospect mineralization fits the low sulfide vein model of Cox and Singer, 1986

11. MINERALIZATION

Gold mineralization at Divide occurs as fracture controlled quartz ± albite ± arsenopyrite ± carbonate ± gold veins and disseminated gold in shear zones aligned parallel to regional deformation zones. Chalcocite, jamesonite, pyrite, pyrrhotite, sphalerite, and stibnite have also been reported.

The soil geochemical anomaly associated with the gold mineralization measures over 2,590.8 meters (8500 feet) long by 640.1 meters (2100 feet) wide. That part of the anomaly which exceeds 200 ppb gold had not been drill tested prior to 2007.

The mineralization is hosted in structurally deformed, retrograde greenschist facies turbidites and related deep water marine sediments of Late Proterozoic or early Paleozoic age. The host rocks are described more completely under Divide Prospect Geology above.

12. EXPLORATION

After reaching an agreement with mid-2007, Millrock, as operator on the property initiated a five hole diamond drilling program. A total of 563 (1,842 feet) of drilling was completed in a program designed to test the source rocks along the portion of the gold-arsenic soil geochemical anomaly. See Figure 4. Gold mineralization was found in and adjacent to quartz veins in veins of economic interest.

The drilling program was conducted by Xplore LLC as the contractor to Millrock, under the direction of Mr. St. George.

13. DRILLING

All drill core was placed in a core box at the drill rig and a wooden block with the following written in black marker was placed at the end of each interval and missing core were also marked with labeled wooden blocks. The outside end of the top and bottom of the core boxes were marked with property name, hole number, box number and footage interval in the box. The core boxes were banded and transported to the base camp for logging and sampling. See Sampling Method and Approach below for those details.

2007 Drilling Results

Table 2 below presents the spatial data for each drill hole. Table 3 presents the analytical and lithological data for these holes.

Table 2 2007 Divide Drill Hole Spatial Data

Hole ID	Longitude WGS84	Latitude WGS84	Collar Elevation(m)	Azimuth (°)	Inclination (°)	Total Depth (m)
DIV-0701	-165.28743	64.84955	307.8	140	-45	89.9
DIV-0702	-165.28743	64.84955	399.3	140	-45	108.2
DIV-0703	-165.29112	64.85411	429.8	315	-45	131.5
DIV-0704	-165.29214	64.85446	431.3	315	-45	114.7
DIV-0705	-165.2892	64.85542	408.4	315	-45	117.0

Table 3 2007 Divide Drill Hole Analytical & Lithological Data
(cutoff grade of 0.62 g/t used in compiling these data)

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)	Lithology/Notes
DIV-0701	-	-	-	-	-
DIV-0702	7.2	8.1	0.91	2.97	Chlorite Schist
	20.7	21.5	0.76	0.93	Siliceous Schist
	24.4	25.1	0.76	0.65	Siliceous Schist
	41.0	41.6	0.60	2.00	Siliceous Schist
	52.2	53.1	0.90	3.00	Siliceous Schist
	67.9	68.7	0.80	2.70	Siliceous Schist
DIV-0703	47.8	56.8	9.0	1.5	Schist & breccia
Including	47.9	48.3	0.40	280	Schist
	48.3	48.9	0.60	0.78	Breccia
	48.9	49.8	0.90	0.59	Breccia
	49.8	50.5	0.70	0.60	Breccia
	50.5	51.8	1.30	0.31	Breccia
	51.8	52.5	0.70	0.50	Breccia
	52.5	53.6	1.10	2.63	Breccia
	53.6	54.6	1.00	1.16	Breccia & Schist
	54.6	55.3	0.70	1.47	Schist
	55.3	56.2	0.90	4.06	Breccia
	56.2	56.9	0.70	1.31	Schist
DIV-0704	7.2	7.8	0.60	4.00	Quartz mica schist
	40.6	42.4	1.8	1.20	Quartz mica schist

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)	Lithology Notes
	80.3	81.1	0.80	4.60	Graphitic schist
	93.4	96.8	3.4	1000	Calcareous schist
Including	93.4	95.0	1.6	18.81	Calcareous schist
	95.0	96.5	1.5	1.18	Calcareous schist
DIV-0705	2.1	104	8.3	5.80	Quartz mica schist
Including	2.1	3.2	1.1	4.31	Quartz mica schist
	3.2	4.3	1.1	19.78	Quartz mica schist
	4.3	5.0	0.70	16.60	Quartz mica schist
	5.0	5.7	0.70	0.43	Quartz mica schist
	5.7	7.3	1.6	1.15	Quartz mica schist
	7.3	8.6	1.3	1.12	Quartz mica schist
	8.6	9.8	1.2	3.41	Quartz mica schist
	9.8	10.4	0.60	3.21	Quartz mica schist
	13.9	14.2	0.30	1.10	Quartz mica schist
	81.8	83.0	1.2	1.00	Graphitic schist

The surface of the Divide property has less than 5% outcrop. There is ambiguity regarding the orientation of the quartz veins and mineralization as mapped in the sporadic outcrops and trenches, and as seen in the core. Future drilling and trenching will resolve this question. The 2007 drill holes were oriented orthogonal to the perceived structural trend, but the dip of the quartz veins could not be determined definitively with the geometric pattern of the drill holes as drilled. The mineralized drill intercepts reported in Table 3 are believed to be true width, but this cannot be determined definitively with the present data.

The cutoff grade (0.62 g/t) used herein is that used by NovaGold Resources Inc. for Rock Creek Mine located northwest of Nome and about 40 kilometers (25 miles) south of Divide Creek.

14. SAMPLING METHOD AND APPROACH

Upon receipt of the drill core in the camp, the core was examined to make sure that the blocks were numbered correctly and the core was oriented correctly. The drill core was washed with a spray bottle and brush and then logged via data entry in a custom core logging Access database program. Once the descriptive logging, including the percent recovery and Rock Quality Determination logging, were complete, the intervals to be sampled were tagged by stapling the numbered stub of the numbered sample cards to the core divider at the upper end of the sample interval. The lower end of a sample was marked by another numbered stub on a blank stub. The sample numbers and intervals were recorded in the Sampling section of the Access database. The maximum length of individual sample interval never exceeded 1.524 meters (5 feet). The core was photographed with a digital camera before tagging for sampling to document the lithologies, structures, alteration and geologic reasons for deciding on the sample intervals.

All core from the start to the end of each sample interval was placed in a labeled sample bag. The decision to not saw or split the core was based on the experience on the Divide property which showed that sawed or split core reported lower gold values than whole core. This approach also eliminates any questions as to whether the samples were representative of the core. The QA/QC procedures used are discussed below under Data Verification. The samples were then bagged for shipment to the Fairbanks office of ALS Chemex, and shipped air freight via commercial air carrier to Fairbanks.

In the report by VanWyck, 2003, it is noted that sawing the drill core to obtain samples apparently resulted in underestimation of the gold assay values. He recommended submitting whole core to the analytical laboratory.

AMEC(2006) reviewed the Rock Core drill hole data for Alaska Gold Company to compare reverse circulation results with core drilling twinned holes. Core results were 50% lower than the reverse circulation results over a 29 m hole length. It is noted that future drilling at Divide must also compare results to determine which drilling method gives the most accurate analytical results.

In Table 3 above, mineralized intervals are sometimes reported as greater than 1.524 meters (5 feet) in length. See 07-DV as an example. In 07-DV, the reported sample length of 8.99 meters (29.5 feet) actually is the total length of eleven continuous samples of this section of drill core. The gold value reported for this 8.99 meters (29.5 feet) interval is the sample length weighted average of the eleven values from the eleven samples.

15. SAMPLE PREPARATION, ANALYSES AND SECURITY

Upon receipt by Alaska Assay Laboratories, the samples were inventoried and logged into their Laboratory Information Management System. Worksheets and envelope labels were printed. The samples were dried at 120° F for 8 hours. All equipment used in sample preparation was cleaned before and between samples. The core samples were crushed to where 80% to 90% passed 10 mesh. A subsample was split out. The rejects were stored. The subsample was pulverized to where 80% to 90% passed 150 mesh. The +150 mesh fraction was recovered and weighed. The -150 mesh fraction was recovered and weighed.

The Divide drill core samples were analyzed by the Alaska Assay Laboratories Metallic Screen Assay Protocol because of the coarse gold on the property. This analyzes the -150 mesh fraction and the +150 mesh fraction separately.

The Quality Control Duplicates, Certified Standards, and Reagent Blanks were inserted into the sample sequence. The -150 mesh fraction was Fire Assayed for gold with a gravimetric finish. A 30 gram aliquot portion of the -150 mesh fraction was fire assayed. The Quality Control data and analytical data were reviewed. The results were calculated by the LIM System. A report was generated reporting oz/ton gold for each fraction and then by weighted average by fraction weights. The final report and certificate of analysis were issued and sent to Millrock.

From the time the drill core was received from the drillers to the time the core was shipped to Alaska Assay Laboratories, the core was in the secure custody of Millrock. The samples were shipped to the laboratories via commercial air freight service. Alaska Assay Laboratories personnel took possession of the samples upon their arrival in Fairbanks, Alaska.

16. DATA VERIFICATION

A blank or standard QA/QC sample was given a random sample number from the booklet of sample cards. A blank or standard sample was included in every batch of ten samples. Upon receipt of the analytical data from Alaska Assay Laboratories, a statistical review of the blank results and the standard results was made to detect any problems with the analytical data. None were found in the Divide Prospect sample data.

As described above, Alaska Assay Laboratories has its own rigorous Quality Control Protocols which are used to monitor the data quality before the analytical results are sent to their clients.

17. ADJACENT PROPERTIES

The Nome mining district is the second most important district in Alaska. From 1898 to 1993, more than 4,800,000 ounces of gold (150 metric tonnes) were produced, essentially all by placer methods and mostly from complex alluvial deposits or buried beach deposits. The district is also estimated to have produced more than 550,000 ounces (17.54 metric tonnes) of silver. Very small amounts of stibnite and scheelite were also produced.

Lode exploration began shortly after discovery of the placers and minor high grade prospect pits and adits were dug throughout the region, with no significant production. Very little lode exploration transpired over the next 80 years until 1986 when geologist Bailey reopened old workings in Rock Creek and discovered sheeted vein in the upper Gulch.

Bailey Exploration Corporation consolidated the land holdings near Nome and began exploration directed toward bulk minable gold deposits. What is now the Rock Creek deposit was discovered shortly thereafter as a result of trenching. Following Bailey's initial work, a succession of major mining companies including Placer Dome, Tenneco, Newmont and Kennecott optioned and explored the property from 1988 through 1994. In 1999, the assets of the successors to the U.S. Smelting, Refining, and Mining Company (Alaska Gold Co.) were acquired by NovaGo Resources. Alaska Gold started delineation drilling on the deposit in 2000 and development work at Rock Creek in 2005. Production at Rock Creek is expected to commence in December 2007 or January 2008.

Lithologies, alteration and mineralization styles at Rock Creek are very similar to those characteristics at Divide. Gold grades are also very similar between the 2 properties.

18. MINERAL PROCESSING AND METALLURGICAL TESTING

No such testing has been done on samples from the Divide prospect.

19. MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

Insufficient exploration work has been performed on the Divide prospect to meet NI 43-101 standards for mineral resource or mineral reserves estimates.

20. OTHER RELEVANT DATA AND INFORMATION

There is no other relevant data and information.

21. INTERPRETATION AND CONCLUSIONS

The geology, geochemistry, and mineralization style of the Divide Prospect is similar to the Rock Creek deposit owned by NovaGold Resources which will go into production during the first quarter of 2008.

The metamorphic country rocks, structures including brecciation, the intense quartz veining, and the grade of the mineralization at the Divide Prospect suggest another significant lode gold deposit in the second largest placer gold producing area of Alaska. The very large and high grade soil geochemical anomaly (2590.8 meters (8500 feet) long by 640.1 meters (2100 feet)) indicates the size potential of the mineralized zone.

The Divide Prospect has all the necessary characteristics to justify an advanced exploration effort. The present state of exploration provides substantial data for the immediate targeting of drill holes and trenches to establish a resource estimate compliant with NI 43-101 guidelines.

Core drilling may not accurately reflect the grade of the gold mineralization in bedrock due to gold loss during drilling and/or sampling. Comparisons between drilling methods and hole or core size will be used to select the most accurate methods possible and

The ambiguity regarding the orientation of the auriferous quartz veins can be resolved by excavating or blasting large trenches combined with careful drill core logging

Given the grade of mineralization discovered and the existing local infrastructure, every effort should be made to advance the Divide Prospect to the development stage as quickly as possible

22. RECOMMENDATIONS

Divide has potential to develop into a significant resource in a relatively short period of time. Recommended work to define a resource and move the property towards production is as follows;

- 1) 3,000 meters (10,000 feet) drill program not contingent upon any other activity. minimum of 300 meter (1,000 feet) trenching can be continued and is not contingent upon any other activity.
- 2) Bulk sampling of mineralized areas to test grade as well as size fraction test work and sample optimization test work
- 3) Metallurgical test work.
- 4) Continue surface geochronology sampling to follow and close off an area. Additional geologic mapping with an emphasis on lithologies and structure is needed. All geological, geochemical, geophysical, drilling, and trenching data need to be entered into a Geographic Information System database.
- 5) Drilling and trenching are not contingent on any other work programs. Drilling should be done by a combination of core and reverse circulation (RVC) drill techniques. Core holes should be twinned with other core holes and RVC holes to determine geologic and mineralizing continuity as well as grade variability with different drill hole diameters and methodology

Drilling and trenching of this quantity will cost a minimum of \$1,500,000. Coarse free gold is readily visible at Divide. All future work should be planned with coarse gold as a fundamental issue to address on all levels of sample collection, transportation, preparation and analysis.

23. REFERENCES

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24. DATE

The effective date of this report is February 20, 2008

25. ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

This section does not apply to exploration stage prospect

26. ILLUSTRATIONS

