ANNUAL REPORT

Management Discussion & Analysis

For the Year Ended December 31, 2007

Description of Business

Millrock Resources Inc. ("the Company") is a company engaged in the acquisition, exploration and development of mineral properties prospective for gold, copper and other valuable metals, primarily in Alaska. Led by successful explorationists, Gregory Beischer and Philip St. George, the Company has established a strong property package currently consisting of, as of April 11, 2008 (the "Report Date"), three highly prospective mineral projects. The Company is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario, Quebec and Nunavut, and trades on the TSX Venture Exchange under the symbol MRO.

The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2007.

Forward-Looking Information and Report Date

This Management Discussion and Analysis ("MD&A") may contain forward-looking statements that involve risks and uncertainties. When used in this MD&A, the words "anticipate", "believe", "estimates", "expects" and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these statements which describe the Company's proposed plans, objectives, and budgets may differ materially from actual results. Such forward-looking statements in this MD&A are only made as of Report Date.

Highlights for the Year Ended December 31, 2007

1. 2007 marked a new era for the Company: the change of business plan was completed; two financing events raising $3.245 million were closed; two mineral properties were acquired; and two drilling programs were conducted; and numerous properties were considered for acquisition during 2007.

2. On August 7, 2007 the Company received notice that the TSX Venture Exchange had accepted for filing the Company's Change of Business application. At this time, the Company transitioned from a data information services company to that of a mineral exploration and development company, and graduated to Tier II of the Exchange. Trading of shares in the Company resumed the following day.

3. Also on August 7, 2007 the Company closed a non-brokered private placement which raised gross proceeds of $1.125 million by the issuance of 2.5 million units at $0.45 each. Each unit consists of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase one common share for a period of two years at a price of $0.75 in the first year and $1.00 in the second. The funds from the sale of the units were used to carry out the first year of exploration at the Inmachuk property in Alaska, to make other mineral property investigations and acquisitions, and for general corporate purposes. On August 14, 2007, the Company changed its name from First Factor Developments Inc. to Millrock Resources Inc. and the trading symbol changed to MRO.

4. On August 16, 2007, the Company signed a Letter of Intent to form a Joint Venture with NPN Investment Group (which subsequently changed its name to Alix Resources Corp.

"Alix") with respect to the Divide Property on the Seward Peninsula, near Nome, Alaska. The Company may secure a 50% interest in the project by paying 50% of all costs associated with the Divide Option, which is an option agreement between Alix and the underlying claim owner. The Company will incur payments of US$500,000 over a five year period, and will issue 500,000 shares to Alix to earn its interest.

5. On September 4, 2007, the Company signed a letter of intent to execute an option and joint venture agreement with Liberty Star Uranium and Metals Corp. ("Liberty Star") of Tucson, Arizona, with respect to the Bonanza Hills property in southwest Alaska. Upon signing of the option and joint venture agreement, the Company secured the option to earn a 60% interest in the project by expending a total of $3.5 million and by issuing a total of 1 million shares over a four year period.

6. On September 6, 2007, the Company reported that it completed an initial drill program on its Divide Project near Nome, Alaska. At the same time, the Company announced the commencement of drilling at the Inmachuk project where five holes totaling 762 metres were drilled at the Hannum zone. Drilling was completed in the fourth quarter. On November 1, 2007 the Company reported results from the drilling that was done on the Divide project in September.

7. On November 2, 2007, the Company completed a non-brokered private placement consisting of up to 4,711,111 units priced at $0.45 for gross proceeds of up to $2,120,000. Each unit consisted of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share at a price of $0.75 for a period of twelve months from the closing date and at a price of $1.00 for the following twelve months.

Subsequent Events to December 31, 2007

Subsequent to December 31, 2007, the Company acquired approximately 7,965 hectares of State of Alaska mineral rights in three discrete blocks, in the Fortymile mining district.

The Company is targeting disseminated and vein-style intrusion-related lode gold deposits in the project area. The claim blocks are strategically located adjacent to ~135 million year old felsic to intermediate intrusive rocks with downstream gold placers. The ~135 million year age has been shown to be particularly prolific for gold mineralization in this area. An abundance of windblown silt mantles the bedrock, effectively obscuring potential lode sources over much of the claimed area. Conventional soil sampling is not effective in this area.

The Company has carried out a very limited reconnaissance stream sediment and rock sampling program in the road accessible portions of the properties. Rock samples grading up to 3.54 g/t gold were found (see table below). Twenty-one rock samples range from less then detectable gold (0.001 g/t) up to 3.54 g/t. Stream sediment sampling of one of the properties defined a multi-sample gold and arsenic stream sediment anomaly that will be targeted for grid sampling follow-up work in 2008.

Rock Type	Au g/t	Ag g/t
Quartz monzonite	3.54	14
Quartz vein	3.39	10
Quartz vein	2.04	232

Plans for the 2008 season include a comprehensive biogeochemical survey, mapping, and trenching where feasible. Drilling may be carried out late in the season contingent upon results.

Also on February 11, 2008 the Company announced results from reconnaissance surveys on its Iliamna properties. Quartz vein material in talus returned very high gold grades.

Exploration Overview

Divide Project: Of particular note was the acquisition of the Divide property, which is located a short distance north of Nome, Alaska. A successful drilling program was carried out in September 2007. Drilling began immediately after the property was acquired. Five holes totaling 561 meters were drilled to test a strong gold – arsenic soil anomaly. The geochemical anomaly measures over 2,600 meters long and 660 meters wide. The strongest portion of the anomaly, which exceeds 200 ppb gold over a broad area, had not been previously drill tested. Historically, a small quantity of alluvial gold was recovered from the creeks draining the Divide prospect but there has never been commercial lode gold production from the prospect. Limited soil sampling, trenching and drilling have returned interesting results from the Divide property. Coarse, high grade gold is hosted in low grade schists and is associated with fracture controlled quartz +/- arsenopyrite +/- albite +/- carbonate +/- gold veins and disseminated gold in shear zones aligned parallel to regional deformation zones. Because the gold at Divide is coarse, and occurs on fracture faces, it can be lost to recovery by diamond drilling. Gold loss during drilling and sampling at Divide and at nearby Rock Creek has been previously shown to be a problem. Loss can occur either through the action of water while drilling, or from mechanical action if the core is cut or split. To help mitigate this problem, Millrock did not split the mineralized core intervals. Rather, the whole core was sampled. All core was carefully logged and photographed, and all unsampled drill core and coarse rejects from the core samples have been retained as a geological record. In the future, Millrock plans to use a combination of core and reverse circulation drilling to more accurately assess the gold content of the mineralized zones at Divide.

Inmachuk Project: The property is located about 184 km northeast of Nome and about 32 km southwest of the village of Deering, Alaska. The claims on the Inmachuk Prospect are in the historic Fairhaven District. Placer gold was found in the district before 1902 and lodes containing argentiferous galena were known and the being explored before 1916. The Company’s interest is in the gold-bearing veins and in approximately stratiform deposits of argentiferous lead and zinc. Historically there has been some physical exploration of the project by the U.S. Bureau of Mines, Bunker Hill Mining Co, and owners of placer deposits in the area. Lead-zinc mineralization is associated with siliceous schist that has been interpreted either as an epigenetic replacement of strata near contacts between schist and marble or syngenetic silica-rich rock possibly formed as an exhalite in Paleozoic time.

Drilling at the Inmachuk property commenced in the third quarter and was completed in the fourth quarter of the year. Preparatory work including removal of brush, and grading of an

overgrown airstrip was done in advance of mobilization. Five holes totaling 644 meters were drilled.
Subsequent to December 31, 2007, management has decided not to perform further exploration work at Inmachuk. As a result, the Company has written off $559,516 for all the costs incurred for the project. In 2008 some additional costs will be incurred for demobilization of equipment and supplies, and a property payment must be made to the underlying property owner in order to return the property in good standing as required by the option agreement with Full Metal Minerals.

Iliamna: The Company acquired an interest in two blocks of claims that have potential for porphyry copper-gold-molybdenum deposits in an area 160 miles south of Anchorage, Alaska near the village of Nondalton. Together, the two claim blocks comprise what the Company calls the Iliamna project. The project consists of one 100% owned claim block named King Tut, and a separate block in which the Company can earn a 60% interest in the Bonanza Hills. The area is characterized by rolling topography with elevations ranging from approximately 300 to 1,000 meters and most hills are talus covered. Bedrock exposures make up less than 1% of the area.

Rocks of the area are dominated by marine volcaniclastic graywackes, siltstones, and shales of Late Jurassic age. These sediments generally have northeasterly strikes and moderate to steep northerly dips. Only minor local folding of the sediments has been recognized in the area. Late Cretaceous to Paleocene quartz monzonite, diorite, and granite have intruded the sediments and locally hornfelsed large areas. At the Bonanza Hills, the intrusions have been dated at approximately 65 million years, while an intrusive adjacent to King Tut has been dated at approximately 70 million years.

Alluvial gold mining has been intermittently carried out in the area since about 1913. Historically, high grade gold values have been reported from quartz – arsenopyrite veins. The veins trend east-west and dip to the south in the Bonanza Hills, where exposed in bedrock. The known mineralized areas in the Bonanza Hills have a distinctive aeromagnetic signature. The claims are centered on these magnetic anomalies.

King Tut was staked on a distinctive aeromagnetic signature similar to the Bonanza Hills. The million year age date is favorable for gold mineralization. Small scale historic gold placer mining has been reported within the distinctive aeromagnetic feature.

Reconnaissance exploration work was carried out by the Company during the third quarter. The work consisted of geological investigations and stream sediment sampling.

Fortymile: The Company has acquired approximately 7,965 hectares of State of Alaska mineral rights in three discrete blocks, in the Fortymile mining district. This historic mining district in the east-central part of the state has produced in excess of 550,000 ounces of placer gold. Millrock is targeting disseminated and vein-style intrusion-related lode gold deposits in the project area. The claim blocks are strategically located adjacent to ~135 million year old felsic to intermediate intrusive rocks with downstream gold placers. The ~135 million year age has been shown to be particularly prolific for gold mineralization in this area. An abundance of windblown silt mantles the bedrock, effectively obscuring potential lode sources over much of the claimed area. Conventional soil sampling is not effective in this area.

Property Evaluation and Project Generation: The Company evaluated a number of prospects known to exist on open ground, and on the claims of others. Also, reconnaissance work was done to test geological ideas generated by the Company.

Some of this project generation work focused in the Haines area of Alaska. At the time of writing the Company is in the process of acquiring a land position on a gold prospect.

Exploration Results

Divide Project: Significant intersections of gold mineralization were intersected in three of the five holes drilled. The highlights included:

- 8.99 metres grading 1.5 g/t gold in hole DIV-07-03
- 3.05 metres grading 10.0 g/t gold in hole DIV-07-04
- 8.23 metres grading 5.8 g/t gold in hole DIV-07-05

The gold mineralization is hosted by structurally deformed, retrograde greenschist facies meta-sediments (turbidites and related deep water sediments) of late Proterozoic to Paleozoic age. The following table provides a listing of all mineralized intersections using a cutoff grade of 0.62 g/t.

Hole ID	From	To	Length	Gold
	(m)	**(m)**	**(m)**	**g/t**
DIV-07-01	-	-	-	-
DIV-07-02	7.16	8.08	0.91	3.0
	41.00	41.61	0.61	2.0
	52.21	53.13	0.91	3.0
	67.91	68.73	0.82	2.7
DIV-07-03	47.85	56.85	**8.99**	**1.5**
DIV-07-04	7.16	7.77	0.61	4.0
	40.63	42.43	1.80	1.2
	80.31	81.08	0.76	4.6
	93.42	96.47	**3.05**	**10.0**
DIV-07-05	2.13	10.36	**8.23**	**5.8**
	13.87	14.17	0.30	1.1
	81.84	82.97	1.13	1.0

These drill holes are thought to be close to true thickness because the holes were drilled nearly perpendicular to the strike and dip of the mineralized vein sets that are exposed in outcrops.

Inmachuk Project: The drill program was completed shortly after the end of the quarter. The drill core was logged and sawn longitudinally. Drill core samples were submitted to ALS Chemex for analysis, and analyses have been received. The mineralized zone exposed at surface and in shallow historic drilling was intersected along strike and down dip. Mineralized intercepts are reported in the table below. While fairly thick near surface, the mineralized zone was observed to attenuate significantly in the down dip direction.

Hole ID	From (m)	To (m)	Length (m)	Zn (%)	Pb (%)
1002IM	10.06	13.11	3.05	1.245	-
Including	10.06	11.58	1.52	1.1	-
Including	11.58	13.11	1.52	1.39	-
1004IM	19.20	25.82	6.61	2.06	-
Including	19.20	20.73	1.52	3.83	-
Including	20.73	22.25	1.52	1.31	-
Including	22.25	23.77	1.52	2.40	-
Including	23.77	24.78	1.01	1.04	-
Including	24.78	25.82	1.04	2.05	-
1005IM	15.85	16.46	0.61	5.55	3.66
	21.03	21.95	0.91	4.56	-

The drilling program has indicated that there is low potential for a large tonnage base metal deposit. Subsequent to the end of 2007, the Company has decided not to continue the drilling on the project.

Iliamna: During the reconnaissance investigation, no obvious signs of porphyry style mineralization or alteration were observed at Bonanza Hills. However, vein-style gold mineralization was noted in talus. The significance of the talus source has yet to be determined, but grab samples collected from the veins returned the following high grade results.

Rock Type	Au g/t	Ag g/t
Talus – vein	24.8	2.5
Talus – vein	133.5	9.3
Talus – vein	46.5	2.7
Talus – vein	78.0	5.4
Talus - vein	57.2	1.5

At King Tut, little outcrop is exposed. However, stream sediment samples anomalous in gold and copper were collected.

<u>Selected Annual Information</u>

Selected annual information from the audited financial statements for the years ended December 31, 2007, 2006 and 2006.

		2007		2006		2005
Total revenue		Nil		Nil		542,575
Loss before adjustments	$	(947,544)	$	(150,999)	$	(230,916)
Net income (loss) for the year		(1,510,753)		(150,999)		530,605
Basic income (loss) per share		(0.12)		(0.02)		0.08
Diluted income (loss) per share		(0.12)		(0.02)		0.06
Total assets	$	2,538,560	$	439,056	$	344,248
Total long-term liabilities		Nil		Nil		Nil
Cash dividends per share		Nil		Nil		Nil

Results of Operation for the year ended December 31, 2007

The Company had no revenues for the year ended December 31, 2007 and the loss from the operation totaled $1,510,753, a loss of $0.12 per share. Because the Company changed its business from data service to mineral exploration during the second quarter of 2007, the comparison of operation results with previous year is not relevant.

General and administrative expenses for the year ended December 31, 2007 totaled $976,346. The six largest expense items are non-cash stock based compensation of $442,959, consulting fee of $154,896, accounting and auditing $66,520, travel expense of $63,900, legal expense of $56,944 and filing and listing of $49,367,. These items comprised approximately 55.24% of the total loss of the Company for the year of 2007.

Stock based compensation expense accounted for $442,959 or approximately 29.32% of the Company's loss in 2007. This expense reflects the use of fair market value based accounting for all stock options in accordance with the recommendation of CICA Handbook Section 3870. During 2007, a total of 1,485,000 stock options were granted, of which 1,285,000 vested immediately and 200,000 to be vested during 2008.

Consulting expenses accounted for $154,896, or approximately 15.86% of the total general and administrative expenses for 2007, which included the consulting service rendered from CEO, CFO, corporate secretary and other service providers.

Accounting and auditing accounted for $66,520, or approximately 6.81% of the total general and administrative expenses. The auditing expense was $28,128, of which $20,000 was accrued for the year end audit.

Travel expenses totaled $63,900, of which 81% were air fare and accommodation cost incurred in conducting the corporate management and potential property acquisitions.

Legal expenses accounted for $56,944, or approximately 5.83% of the total general and administrative expenses, which is primarily attributable to the business change.

Filing and listing expenses amounted to $49,367, representing 5.05% of the general and administrative expenses, which included the regulatory filing $23,992 and transfer agent service fee $25,375.

Subsequent to December 31, 2007, management has decided not to perform further exploration at the Inmachuk project. This resulted in a mineral property write-off of $559,516 for all the costs incurred for the project.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Dec. 31 2007 Q4	Sep. 30 2007 Q3	Jun. 30 2007 Q2	Mar. 31 2007 Q1	Dec. 31 2006 Q4	Sep. 30 2006 Q3	Jun. 30 2006 Q2	Mar. 31 2006 Q1
Mineral expenditures	$ 527,300	$ 349,217	$ 102,643	$ -	$ -	$ -	$ -	$ -
G&A expense (including stock comp.)	402,552	237,166	295,449	41,180	31,832	35,118	51,458	32,729
Stock comp. expense	206,419	-	236,540	-	-	-	-	-
Adjusted G&A (excluding stock comp.)	196,132	237,166	58,909	41,180	31,832	35,118	51,458	32,729
Mineral properties write-off	559,516							
Net loss	945,274	232,261	294,413	38,806	31,832	35,118	51,458	32,591
Loss per share	$ 0.08	$ 0.02	$ 0.02	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01

During the second quarter ended June 30, 2007, the Company changed its business from data service to mineral exploration. The comparison of financial results subsequent to June 30, 2007 against to the results prior to that date may not be relevant.

Liquidity

In August, the Company completed a private placement financing that resulted in gross proceeds of $1,125,000. In November, 2007, the Company completed a non-brokered private placement consisting of 4,711,111 units priced at $0.45 for a gross proceed of $2,120,000. As at December 31, 2007, the Company has accumulated deficit of $6,145,092 and has working capital of $1,862,996. The Company will need to complete further financings for additional drilling and exploration activities as required.

The Company does not have revenue except from interest earned from term deposits at banks. It relies on equity financing to fund exploration programs on its properties in Alaska and corporate expenses. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financings will be favorable.

Capital Resources

The Company has three active agreements with other companies under which the Company is required to meet certain obligations to keep the agreements in good standing:

Divide property: On August 16, 2007, the Company signed a Letter of Intent to form a Joint Venture with NPN Investment Group (which subsequently changed its name to Alix Resources Corp. "Alix") with respect to the Divide Property on the Seward Peninsula, near Nome, Alaska. The Company may secure a 50% interest in the project by paying 50% of all costs associated with the Divide Option, which is an option agreement between Alix and the underlying claim owner. The Company will incur payments of US$500,000 over a five year period, and will issue 500,000 shares to NPN to earn its interest.

Inmachuk property: In March 2007, the Company entered an option and joint venture agreement with Full Metal Minerals Ltd. to earn a 60% interest in 67 mineral claims in Alaska. Consideration is US$90,000, plus the issuance of 800,000 shares, and the expenditure of US$2,500,000 in exploration over the next four years. The remaining payments in the agreement are $65,000 in cash, 700,000 shares, and work expenditures of $2,227,624. The agreement also requires assumption of obligations of an underlying option agreement between Full Metal Minerals and claim owner Royal Pretoria Gold in the amount of US$215,000 between 2008 and 2010. Subsequent to December 31, 2007, management has decided not to perform further drilling at Inmachuk. This resulted in a mineral property write-off of $559,516 for all the costs incurred for the project.

Iliamna - Bonanza property: On September 4, 2007, the Company announced that it has signed a letter of Intent to execute an option and joint venture agreement with Liberty Star of Tucson, Arizona, with respect to the Bonanza property in southwest Alaska. Upon signing of the option and joint venture agreement, the Company will have the option to secure a 60% interest in the project by expending a total of US$3.5 million, and by issuing a total of 1 million shares of the Company over a four year period.

As at December 31, 2007, the Company has paid cash US$25,000 and US$7,500 and issued 100,000 and 50,000 shares to Full Metal and Alix respectively.
A summary of payments occurs in the following table:

Year	Cash Payment USD	Shares	Exploration Expnditures USD
2008	82,500	250,000	555,000
2009	95,000	550,000	1,000,000
2010	155,000	950,000	1,665,000
2011	225,000	300,000	2,750,000
	$ 557,500	**2,050,000**	**$ 5,970,000**

Off Balance Sheet Arrangements

There is no off-balance sheet arrangement to which the Company is committed.

Related Party Transactions

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

	Year ended December 31,			
		2007		**2006**
Accounting	$	30,606	$	-
Consulting fee		142,018		60,000
Mineral Properties		109,916		-
Office rent		3,000		6,000
Office expenses		-		4,500
	$	**285,540**	**$**	**70,500**

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

(a) As of December 31, 2007, prepaid expenses include $9,913 advanced to a director for travel incurred after the year-end. As at December 31, 2006, prepaid expenses included $7,200 paid to a former director for his services.

(b) As at December 31, 2007, due to related parties of $9,913 was owed to the Company's Vice President of Exploration for his services. As at December 31, 2006, the amount of $32, 227 was owed to a former director and a private company controlled by the director for advances and management fee. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

(c) As at December 31, 2007, advances on exploration expenses include $50,800 paid to a company controlled by a director that acts as operator for the exploration program.

Results of Operation for the fourth quarter ended December 31, 2007

At December 31, 2007, the Company's cash and cash equivalents increased to $1,801,880; as the Company closed a non-brokered private placement raising a gross proceed of $2,120,000. 4,711,111 units of common shares at a purchase price of $0.45 have been issued. Each unit consisted of one common share and one-half of one share purchase warrant, which one whole warrant entitles the holder thereof to purchase one additional common share at a price of $0.75 for a period of twelve months from the closing date and at a price of $1.00 for the following twelve months.

The Company's loss for the quarter ended December 31, 2007 totaled $945,274, as compared to $232,261 loss for the quarter ended September 30, 2007. The general and administrative expenses increased by $165,386 compared to the previous quarter. This is mainly resulted from the increase in non-cash stock based compensation of $206,419, as the Company granted more options and the write-off of $559,516 on Inmachuk mineral property.

During the second quarter ended June 30, 2007, the Company changed its business from data service to mineral exploration. The comparison of financial results subsequent to June 30, 2007 against to the results prior to that date may not be relevant

Proposed Transactions

None

Critical Accounting Estimates

The most significant accounting estimates for the Company relates to the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

Management's estimates of mineral prices, recoverable proven and probable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for stock-based compensation. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

Changes in Accounting Policies

On December 1, 2006, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251, "Equity, Section 3855, "Financial Instruments – Recognition and Measurement", Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 3865, "Hedges". Section 1530 establishes standards for reporting ad presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

Under adoption of these new standards, the Company designated its accounts payable and accrued liabilities as other financial liabilities, which are measured at amortized cost.

The adoption of these Handbook Sections had no impact on opening deficit.

Future Accounting Changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual financial statements for the Company's reporting period beginning on December 1, 2007.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.
The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

Internal Control over Financial Reporting

The new management of the Company is currently in the process of evaluating the effectiveness of disclosure controls and procedures and internal control over financial reporting and implementing new internal control procedures as needed.

Financial Instruments and Other Instruments

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash and cash equivalents have been placed with major financial institutions.

The Company is also exposed to the currency exchange rate fluctuation between the Canadian Dollar, its reporting currency, and the U.S. Dollar, in which most exploration costs in Alaska are incurred. The Company doesn't have currency hedging program in place, as the operation scale and cash balance is still small and does not require such an expensive and sophisticated hedging program.

Other MD&A Requirements

1. Share capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued and outstanding common shares

	Number of Shares	Share Capital	Contributed Surplus
Balance, December 31, 2005	8,510,468	$ 4,801,793	$ -
Issued for cash on exercise of warrants	2,200,000	220,000	-
Balance, December 31, 2006	**10,710,468**	**5,021,793**	-
Issued for cash pursuant for			
Private placements	7,211,111	3,245,000	-
Exercise of warrants	408,000	40,800	-
Issued for property	150,000	67,750	-
Issued for finder's fees	150,360	67,662	-
Share repurchase and cancellation	(428,000)	(64,200)	-
Share issue costs	-	(244,058)	49,973
Stock Based compensation	-	-	442,959
Balance March 21, 2008	**18,201,939**	**$ 8,134,747**	**$ 492,932**

On August 7, 2007, the Company reported the closing of a non-brokered private placement which raised gross proceeds of $1.125 million by the issuance of 2.5 million units at $0.45 each. Each unit consists of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase one common share for a period of two years at a price of $0.75 in the first year and $1.00 in the second year. The funds from the sale of the units were used to carry out the first year of exploration at the Inmachuk property in Alaska, to make other mineral property investigations and acquisitions, and for general corporate purposes. Finders' fees of $61,950 cash and one year warrants for the purchase of a total of 137,667 common shares at a price of $0.45 are paid in respect of this private placement. All of the securities issued in connection with the private placement, and the initial payment shares issued under the Inmachuk property option agreement, are subject to a hold period expiring on December 7, 2007.

On November 2, 2007, the Company completed a non-brokered private placement consisting of 4,711,111 units priced at $0.45 for gross proceeds of up to $2,120,000. Each unit consisted of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share at a price of $0.75 for a period of twelve months from the closing date and at a price of $1.00 for the following twelve months.

Finders fees of 7% of the units sold was payable in shares or cash on a portion of the financing to finders who assisted in the placement, as permitted under applicable securities laws. In addition, brokerage firms participating as finders received, as additional compensation, non-transferable share purchase warrants entitling the holder thereof to purchase such number of common shares in the capital that equals an aggregate of 7% of the number of units sold by the brokerage firm (the “Broker’s Warrants”). Each such Broker’s Warrant entitled the holder thereof to purchase one additional common share at a price of $0.45 for a period of twelve months from the closing date. All of the securities issued hereunder are subject to a four month hold period and may not be traded until March 3, 2008.

Proceeds from the financing will be used for property acquisitions, exploration expenditures on the Company’s Alaska projects and for general working capital.

2. Stock Options

The Company has a stock option plan which provides for the granting of up to 1,820,193 stock options to acquire common shares to executive officers, directors, employees and consultants. As at December 31, 2007, the Company has 335,193 stock options available for future issuance under the plan. Stock option transactions are summarized as follows:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005 and 2006	**-**	$ -
Granted	1,485,000	$ 0.46
Outstanding at March 21, 2008	**1,485,000**	**$ 0.46**
Exercisable at March 21, 2008	**1,235,000**	**$ 0.46**

The following table summarizes the Company’s outstanding options as at December 31, 2007.

Number of Shares	Exercise Price	Expiry Date
1,050,000	$ 0.45	5/29/2012
125,000	$ 0.45	8/7/2012
150,000	$ 0.45	10/1/2012
100,000	$ 0.55	11/21/2012
60,000	$ 0.56	12/6/2012
1,485,000		

*These options vest as to 25% three months after the date granted and 25% every three months thereafter.

The fair value of the options granted during the year ended December 31, 2007 was estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Dividend yield	Nil
Expected volatility	91% - 102%
Risk-free rate of return	4%
Expected life of options	5 years

The weighted average fair value of the 1,485,000 share purchase options granted was $0.46 per option. Total stock-based compensation expense of $442,959 has been charged to operations.

3. Warrants and agent's warrants

As at December 31, 2007, the Company had outstanding warrants and agent warrants for the purchase of 3,900,584 common shares, at an average price common share of $ 0.73. The fair value of the agent's warrants of $49,972 has been recorded to the contributed surplus under shareholder's equity.

	Number of Shares	Weighted Average Exercise Price		Expiry Date
Outstanding at December 31, 2005 and 2006	**408,000**	**$**	**0.10**	
Exercised on March 31, 2007	(300,000)	$	0.10	
Exercised on July 17, 2007	(108,000)	$	0.10	
Issued, Aug 07, 2007	1,250,002	$	0.75	8/7/2008
Agent warrants issued, Aug 07, 2007	137,667	$	0.45	8/7/2008
Issued on Nov 2, 2007	2,355,555	$	0.75	11/2/2008
Agent warrants issued on Nov 2, 2007	157,360	$	0.45	11/2/2008
Outstanding at March 21, 2008	**3,900,584**			

The fair value of the agent's warrants of $49,972 is included in share issue costs and contributed surplus under shareholder's equity. The fair value of the agent's warrants was estimated on the dates issued using the Black-Scholes option pricing model with the following weighted average assumptions:

Dividend yield	Nil
Expected volatility	91% - 97%
Risk-free rate of return	4%
Expected life of options	1 year

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LISTINGS

TSX Venture Exchange: **MRO**

CAPITALIZATION
(as at December 31, 2007)

Shares Authorized: Unlimited
Shares Issued: 18,201,904

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