

• ALASKA

Is Estelle Alaska's next Donlin Creek?

Exploration team known for uncovering global-scale ore bodies says Millrock property has similarities to giant porphyry deposit

By SHANE LASLEY
Mining News

When Greg Beischer and Phil St. George teamed up to form Millrock Resources Inc. nearly two years ago, they set out to make big discoveries that would attract the interest of the world's mining giants. These two exploration geologists now think the Estelle high-grade gold property in Alaska's Rainy Pass district, about 160 kilometers, or 100 miles, northwest of Anchorage could be one such property.

The Millrock team has the background to know what global mining companies are looking for and how to find them. Beischer, the Vancouver B.C.-based junior's president and CEO, spent two decades working for Inco Ltd. St. George, Millrock's vice president of exploration, started his career with Teck Cominco, with whom he discovered the giant Pebble copper-gold-molybdenum deposit in Southwest Alaska.

As vice president of exploration at NovaGold Resources Inc. during that company's early days, he made key discoveries that increased the size and grade of the huge Donlin Creek gold deposit in the Yukon-Kuskokwim region of Southwest Alaska.

Beischer told Mining News that he and St. George worked for some of the world's biggest mining companies. "We know what big mining companies are looking for. Our goal is to find deposits that are of interest to Newmont, Barrick and Anglo," he said.

Two zones found at Estelle

The results from the 2008 exploration have the duo encouraged that they may have located this type of target at Estelle.

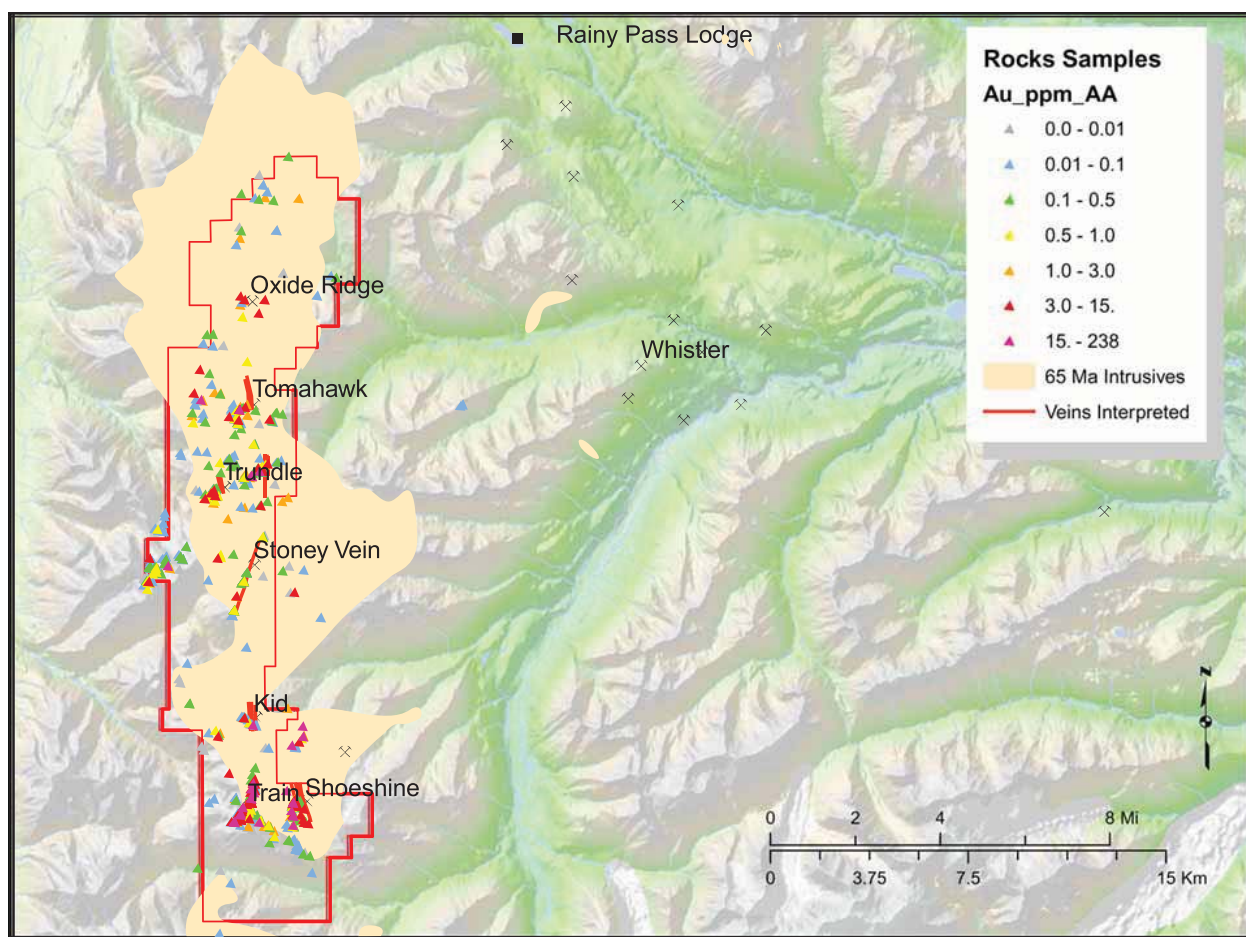
In November Millrock reported signs of a large-scale disseminated, porphyry-style gold deposit. The junior said surveys carried out in August uncovered widespread hydrothermal alteration and abundant high-grade vein-style gold occurrences along a 30-kilometer, or 19-mile, strike length. Shoeshine and Oxide Ridge are two intrusive-hosted gold occurrences that have piqued the junior's interest.

"Sampling of talus fines and rocks indicate two large gold mineralizing systems at the Shoeshine and Oxide Ridge occurrences. The potential for large gold deposits is clearly demonstrated and an aggressive drilling program is warranted to test these zones," St. George said.

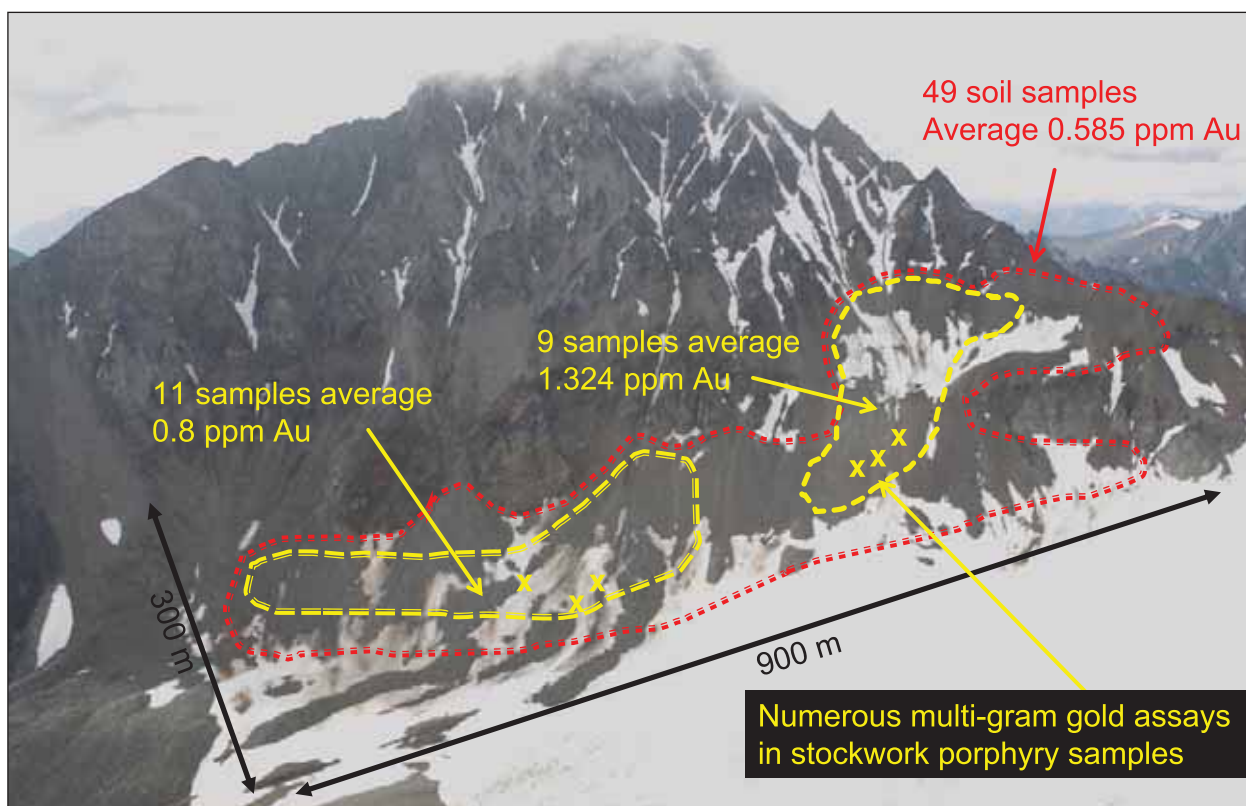
Sampling at Oxide Ridge has outlined a zone measuring 200 meters by 300 meters. The junior said the talus fines are representative of bedrock immediately uphill from the sample site. The average of 24 talus fines samples taken from Oxide Ridge is 2.32 grams per metric ton gold.

The work completed at Shoeshine in 2008 outlined a larger anomalous zone, measuring about 300 meters by a kilometer. The average grade of 49 samples taken from Shoeshine is 0.585 g/t gold. The company reports that one

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Above, surveys carried out by Millrock geologists in August discovered widespread hydrothermal alteration and abundant high-grade vein-style gold occurrences along a 30 kilometer strike length at Estelle. Below, talus fines samples taken from the Shoeshine prospect at Millrock's Estelle property outlines an anomalous zone that measures 300 meters by nearly 1 kilometer.



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sample of porphyry rock cut by sheeted quartz veinlets assayed 13.13 g/t gold. Numerous talus samples assaying in the 3 g/t to 5 g/t range also were collected.

Looks like Donlin

“Estelle is where we see the potential for the gigantic multi million-ounce deposit. It has a lot of the earmarks of Donlin Creek. All the right checkmarks that go along with the things you look for in a giant deposit are present,” Beischer told Mining News.

Both St. George and Beischer see another parallel between Estelle and Donlin. While geologists were scouring the hillside looking for high-grade veins, they were missing the huge porphyry deposit beneath their feet.

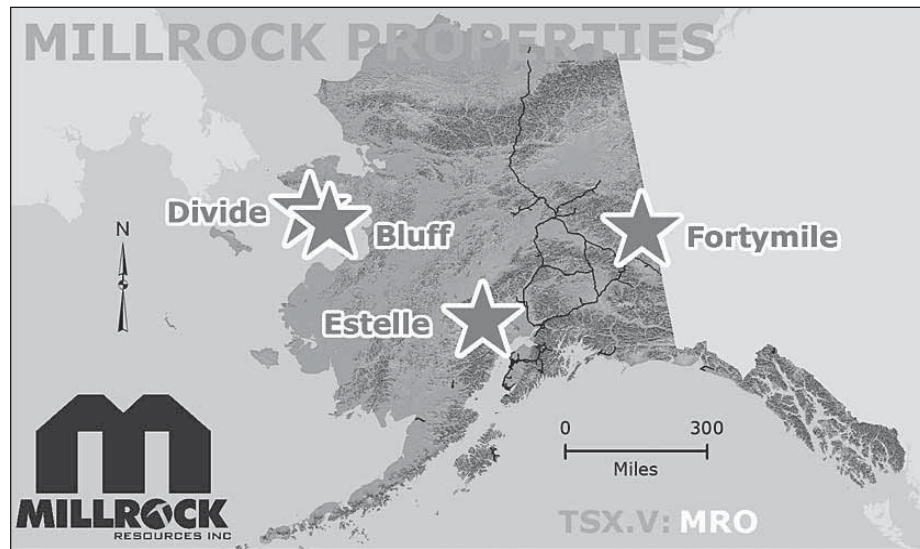
“I visited Donlin in 1984 and at that time everybody knew about these high-grade quartz veins – they were pretty innocuous, not very interesting-looking quartz veins up on the ridges at Donlin Creek – but the bulk of the tonnage is down in the valley where the big porphyry lies,” St. George told a Dec. 14 gathering of the Society of Mining Engineers and Alaska Miners Association.

Beischer said Estelle has never been drilled and will be the junior’s highest priority target for 2009.

Crucial time for Millrock

How the company will go about drilling Estelle this year will depend on its ability to raise money in a tight financial market.

Millrock, like most of the mining sector, has seen its stock price fall dramatically during the recent financial down-turn. The junior, with its stocks trading at around 8 cents per share, is reluctant to raise more money through private placement than it needs.



will come up somewhat before we go ahead and finance.”

As an alternative to private-placement financing, Millrock is considering joint venture partnerships. Beischer said the junior is in discussions with bigger companies interested in JV opportunities on one or more of Millrock’s properties. The CEO could not disclose any details about the ongoing discussions, but said that Estelle is the type of project that large mining companies look for.

The CEO said bringing in a JV partner at such an early stage in exploration is a slight shift in Millrock’s corporate strategy. In normal market conditions, the company would advance the exploration for a couple of years before bringing in other companies.

Junior completes initial drilling at Bluff

Millrock has three other gold properties in its Alaska portfolio: The Fortymile property in Interior Alaska, and the Divide and Bering Straits properties on the Seward Peninsula of Northwest Alaska.

In April Millrock inked an exploration agreement with the Bering Straits Native Corp. on three properties – Council, Bluff, and Ungalik – totaling 395 square kilometers, or 97,600 acres, on the south side of the Seward Peninsula.

The Bluff prospect, located about 42 miles, or about 68 kilometers, east of Nome is the only one of the three Bering Straits properties that has been explored for its lode potential and was the target of exploration by Millrock in 2008.

According to Beischer, the junior completed a limited drill program in 2008 at Bluff intended to confirm historic resources outlined by BHP Billiton in the late

1980s.

From 1986 through 1990 BHP drilled a total of 35 holes in three target areas – Daniel’s Creek, Saddle and Koyana. Though not NI43-101 compliant, BHP reported a resource potential of more than 500,000 ounces of gold contained in three different zones, with room for expansion.

The Daniel’s Creek zone was reported

by BHP to have a potential resource of 3 million metric tons averaging 3.43 g/t, or 300,000 ounces of gold. The mineralized zones are open, and in a 1991 summary report, BHP indicated there was potential for gold resources exceeding 2.5 million ounces.

The 2008 drilling at Bluff focused on Daniel’s Creek. Beischer said Millrock has the assay results in hand, and while not enough drilling occurred to substantiate the historic resource estimates, the results do confirm the presence of gold.

In addition to outlining a resource at Daniel’s Creek, the company also wants to drill the Saddle and Koyana zones as well as other hot geochemical anomalies on the property.

Awaiting assays from Divide

Millrock and JV partner Alix Resources Inc. completed about 3,000 meters of RC drilling, and an extensive trenching program at the high-grade Divide property about 28 miles, or 45 kilometers, north of Nome.

Beischer said the company employed specialized sample preparation protocols for Divide because of the coarse nature of the gold. He said Millrock has just received final assay results from this 2008 drilling on the high-grade gold property, and is currently running quality control checks.

The 2008 program at Divide follows up on three core holes drilled in 2007. Hole DIV-07-03 intersected 8.99 meters with an average grade of 1.5 g/t gold, hole DIV-07-04 intersected 3.05 meters grading 10.0 g/t gold and hole DIV-07-05 intersected 8.23 meters grading 5.8 g/t gold.

No commitment at Fortymile

Millrock has staked nearly 20,000 acres of Alaska state claims in the Fortymile district of Eastern Interior Alaska. The three claim groups staked at Fortymile target the lode source of more than 300,000 ounces of placer gold recovered from the historic mining district.

Fortymile lies within the “Golden Arch” of large gold deposits spanning from British Columbia to Southwest Alaska. The junior explorer said the intrusive-related gold mineralization at Fortymile is similar to that found elsewhere in Alaska and Yukon.

Millrock does not have a work commitment at its Fortymile or Divide properties and so they will not be priority targets during these tough financial times.

“Part of our adjusted strategy is we are only going to work where we have a commitment to work,” Beischer explained.

Cutting costs, financing and bringing in JV partners are the other parts of the junior’s strategy. The Millrock CEO also recognizes the prospects that financial downturns provide and said the company is actively on the hunt for “opportunities that will never be cheaper than they are right now.” ●



In 2008 Millrock began drilling the Bluff Property near Nome with the intention of confirming a 500,000-ounce resource reported by BHP Billiton, based on drilling performed in the 1980s.

“The reality is we are going to have to raise money to do more exploration. In the meantime our share price is down to 7 or 8 cents, so when we go to sell stock again it is very dilutive to the company,” Beischer said. “This is a crucial stage for our company, these coming few months. We’ve got some news to come out in the coming weeks, so we are hoping our share price

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