

Gold Newsletter

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MILLROCK RESOURCES

MRO.V; MLRKF.PK
877-217-8978
millrockresources.com

Millrock released news on June 23 that, on first glance, seemed pretty innocuous...until one read between the lines.

To wit: Millrock announced that it was beginning an 1,800-meter core drilling program at its Bluff prospect in Alaska. The company recently acquired this prospect as part of its important exploration agreement with the Bering Straits Native Corporation and, at the time, was eager to begin working to potentially bring it up to drill-ready status by next summer.

But then the company was able to uncover a summary report for a drilling program undertaken on the property by BHP from 1986 to 1990. While the report summarized very widely spaced drill holes and doesn't come close to conforming to current regulatory standards, it projected the "potential" for 505,000 ounces of gold resource in three zones outlined by a total of only 11 holes.

That doesn't sound like much information, and it isn't. But the fact that the holes were so widely spaced and two of the three zones remain open in all directions...the fact that two of the zones (two kilometers apart) may be connected...and the fact that a "highly productive" placer gold deposit lies downstream — all point to the potential of a much larger resource here.

It's still a long shot, by any definition. But the Millrock team, led by Greg Beischer and Phil St. George, is a very experienced and successful group. They've been around the block, and they've decided to move much more

quickly at Bluff than they originally intended. If they're excited about the project, then I am too.

But even if Bluff doesn't pan out, the company has rapidly built an extensive portfolio of properties in both Alaska and Arizona, allowing for year-round news flow.

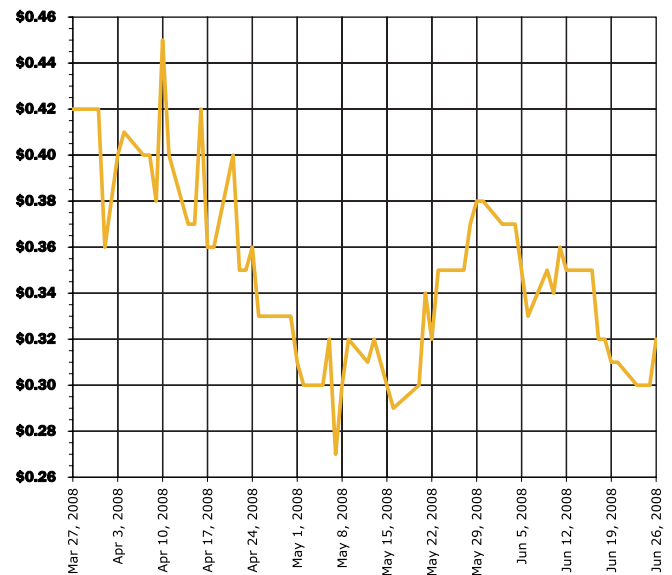
For example, Millrock is now drilling the Divide project near Nome, Alaska, with JV partner Alix Resources.

The C\$1.5 million program, which Millrock will operate, will consist of mapping, trenching and channel sampling and approximately 3,600 meters of RC drilling. It will seek to uncover the structural controls for the visible gold observed at surface and in trenching within the Stoneman prospect and Saddle Zones, Divide's main target areas.

Millrock will strip both zones of their overburden and expose the underlying bedrock so that it can take channel samples. Follow-on drilling will hopefully reveal high-grade chutes that can be aggregated into a significant gold resource.

The area's past mining history gives me confidence that they will be able to do precisely that. The rocks that the company is investigating are the source of Nome's alluvial gold deposits, which have produced around five million ounces of placer gold.

Millrock Resources



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Millrock can earn a 50% interest in the 1,424-hectare property by paying 50% of all costs associated with the Divide Option, and a total of US\$500,000 over five years. Millrock will also issue 500,000 shares of the company to Alix.

In other news, Millrock has staked out Galiuro, a potentially large copper-moly porphyry project located in the San Manuel-Copper Creek area of southeastern Arizona.

The project is sited 80 kilometers southeast of Rio Tinto's and BHP Billiton's Resolution copper deposit, which is one of the world's largest and highest-grade un-mined copper deposits. And, it sits 20 kilometers northeast of the San Manuel-Kalamazoo deposit, which produced at a 60,000-tpd rate in the 1990s.

The company staked the area based on information from a local geologist, who received a finder's fee of US\$20,000 and 20,000 company

shares. Additionally, he will receive US\$10,000 and 15,000 shares annually for as long as the company holds the property. If it becomes a commercial operation, he will receive an additional US\$2 million.

Along with its two other projects in the area, Millrock will apply systematic exploration to Galiuro in the second half of 2008.

The company will have just over C\$2.75 million to pay for its efforts on all these projects, thanks to a recently closed private placement for 11,001,000 units at C\$0.25 per unit. Each unit comes with a common share and half-warrant, redeemable on a whole-warrant basis for C\$0.50 by May 26, 2009 and for C\$0.75 by May 26, 2010.

Between the exploration work at Bluff and Divide, the Galiuro acquisition and this recent financing, Millrock has all the makings of a significant player in the junior sector over the next

few years. Priced to move, the company's share price (and tight capital structure) makes it a highly leveraged way to play the boom in commodities.

To sum up, I've been very bullish on Millrock as a long-term play. Now, with drills about to turn on Bluff and other properties, we may start to realize the company's potential sooner than I expected. And, with a low price and tight structure, the stock is positioned to move on any significant news.

In today's somnolent market, there's no need to chase the stock, but smart investors will patiently build a position near the current levels.

Millrock Resources Inc.

Recent Share Price:C\$0.32
 Shares Outstanding:30.0 million
 Market Cap:C\$9.6 million
 Shares Outstanding
 Fully Diluted:41.6 million
 Market Cap
 Fully Diluted:C\$13.3 million

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