



Management Discussion & Analysis

For the Three Months Ended March 31, 2010

Description of Business

Millrock Resources Inc. (“Millrock” or “the Company”) is engaged in the acquisition, exploration and development of mineral properties prospective for gold, copper and other valuable metals. The Company follows a Project Generator – Joint Venture business model that capitalizes on Millrock’s knowledge and ability to identify early-stage exploration targets. The Company has a focus on geologic terrains and models that can produce huge metallic deposits in two outstanding mining jurisdictions: Alaska and Arizona. This business model shares risk by partnering with other companies that invest capital to move exploration projects toward development and production. Millrock currently has eight active exploration projects in Alaska, and three in Arizona.

Led by experienced explorationists, Gregory Beischer and Philip St. George, the Company has established a strong property portfolio prospective for the discovery of large-scale gold and copper porphyry or intrusive-related deposits. 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 unaudited financial statements and the notes thereto for the three month period ended March 31, 2010.

Forward-Looking Information

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 the Report Date.

Highlights for the First Quarter & Subsequent Period 2010

Exploration work during the three month period ended March 31, 2010, and the subsequent period prior to filing, was limited to data compilation/analysis, work plan/scheduling and drill targeting in preparation for the 2010 field season, as well as the acquisition and staking of three new properties in Alaska. Corporate developments included finalization of several joint venture agreements and related financings. A brief summary of these events, as they occurred through the first quarter and subsequent periods, follows:

January, 2010

Millrock announced signing of a letter of intent with **Inmet** Mining Corporation to option the San Jose and Dry Mountain properties in Arizona. By the terms of the agreement Inmet may earn a 70% interest by expending US\$4.0 million on exploration and making cash payments totaling US\$300,000. The Company also announced the staking of the Revelation property as part of its regional reconnaissance program in the Kahiltna Terrane of Alaska and seeks a working partner to underwrite the cost of exploration.

February 2010

The Company announced the staking of two other new properties in the Kahiltna Terrane of Alaska – St. Eugene and Monte Cristo – as part of its regional reconnaissance program funded by

an alliance with **Altius** Resources. Altius decided to designate the St. Eugene and Monte Cristo for joint venture with Millrock and the partners will seek another working partner to fund the exploration of these two properties.

March 2010

The option to joint venture agreement was finalized with **Inmet** regarding the San Jose and Dry Mountain projects. The agreement calls for an initial minimum exploration expenditure of US\$500,000 in 2010 and cash payment of US\$50,000, with Millrock as operator.

April 2010

Millrock announced finalization of the joint venture agreement with **Kinross** Gold Corporation for exploration of the Council properties in the Seward Peninsula of Alaska. Kinross has the right to earn up to a 75% interest in the mineral rights through the expenditure of US\$6 million and cash payments totaling US\$260,000, including an initial payment of US\$65,000. As part of the agreement Kinross invested another \$250,000 in Millrock through a private placement financing to increase its stake to 6.4%. Another agreement pertaining to Millrock's Seward Peninsula holdings was finalized, the option to joint venture with **Valdez** Gold Inc. on the Bluff project. Terms include Valdez Gold's right to earn up to a 75% interest in the mineral rights with the expenditure of US\$6 million, cash payments totaling US\$900,000 and the issuance to Millrock of two million Valdez shares.

May 2010

An exploration and financing agreement was concluded with **Teck** American Incorporated for Millrock's Estelle project in the Kahiltna Terrane, Alaska. With the investment of \$600,000 in Millrock, Teck earns the exclusive right to acquire a 65% interest in Estelle upon the expenditure of US\$8.6 million and cash payments of US\$400,000 over four years. Also in May, drilling began at the Galiuro copper prospect in Arizona in joint venture with **Vale** Exploration Canada, and Millrock as operator.

Financings

During the three months ended March 31, 2010, and in subsequent months prior to filing, the Company completed financings through private placements and warrant exercises of \$923,800.

Operations Review

Alaska Properties

Millrock owns and operates eight mineral exploration projects in Alaska in three distinct regions: the Seward Peninsula of western Alaska (Bluff and Council projects); the Kahiltna Terrane of south-central Alaska (Estelle, Revelation, St. Eugene and Monte Cristo); and the Tintina Gold Belt of eastern Alaska (Uncle Sam and Fortymile). The following provides an overview of each property, results of operations for the first quarter and subsequent period, as well as any related corporate developments:

BLUFF PROPERTY, Seward Peninsula

Previously explored by BHP Minerals ("BHP"), the Bluff property covers 142 sq km about 80 km east of Nome and was acquired in 2008 by agreement with the Bering Straits Native Corporation whereby Millrock has the option to earn 100% leasehold interest.

BHP in the 1980s established potential for a gold resource and a modest drilling program by Millrock confirmed the presence of gold mineralization at Bluff in 2008. All data to date suggest a robust gold system with many untested targets, and with excellent potential for expanding target areas. During 2009 limited work at Bluff was undertaken due to the unfavourable market conditions.

In the first quarter 2010, efforts to secure a joint venture partner were successful and an agreement was finalized in April. Terms call for **Valdez Gold** to earn an initial 55% interest with the exploration expenditure of US\$3.0 million, option payments of US\$300,000 and issuing to Millrock 900,000 shares of Valdez Gold; Valdez Gold may elect to earn up to 75% interest by making a further US\$3.0 million in exploration expenditures, US\$600,000 in option payments, and issuing 1.1 million Valdez Gold shares. Millrock may earn back 25% to form a 50-50 joint venture by doubling Valdez Gold's investment.

As operator, Millrock, along with Valdez Gold, has designed a comprehensive exploration program for 2010 to include a minimum 4,500 m of reverse circulation drilling; trenching; expanded geochemical survey coverage; and additional sampling to expand existing geochemical anomalies. Also, Millrock staff will undertake a comprehensive program of data compilation into a GIS environment capable of 3D viewing of surficial and drill hole geology and geochemistry in preparation for a resource calculation and for future drill targeting.

COUNCIL PROJECT, Seward Peninsula

The Council project entails three groups of claims – Council, Albion and Warm Creek – located roughly 100 km northeast of Nome, and along with a surrounding area of interest covers over 900 sq km. Mineral rights that comprise the project were acquired from three sources: 1) from the Bering Straits Native Corporation whereby Millrock has the option to earn a 100% leasehold interest, 2) through an option to purchase state claims from a group of private individuals, and 3) by staking state mining claims.

The Council area has long been a productive placer gold mining region with an estimated 300,000 to 500,000 ounces of historic gold production. Millrock is exploring to locate the bedrock source of the alluvial gold deposits that have been previously mined along the Niukuluk River, Ophir Creek and Albion Creek.

Similar to the Bluff project, the Company curtailed much of the work on Council in 2009 while it sought a partner to finance the substantial drilling warranted there. In April 2010, Millrock announced finalization of an agreement with **Kinross** Gold Corporation whereby Kinross can earn an initial interest of 55% in the Council area of interest with the expenditure of US\$3 million and US\$260,000 in cash payments, and up to a 75% interest with an additional expenditure of US\$3 million. The agreement also provides for a private placement of \$250,000.

As part of a US\$750,000 program for 2010, drilling is planned to begin in June/July 2010 with Millrock as operator. This drilling is designed to test for hard rock gold deposits in the uplands surrounding the historic placer workings. The 2010 work also calls for a program of soil geochemical surveys.

ESTELLE PROPERTY, Kahiltna Terrane

The Estelle property, located 160 km northwest of Anchorage Alaska, consists of 214 claims covering 13,157 hectares. A 100% interest in the property was purchased by Millrock in 2009. In the heart of the Kahiltna Terrane, a regional rock assemblage that is host to at least one known world-class copper-gold deposit – Pebble. Estelle is located roughly 200 km north of the Pebble deposit which is co-owned by Northern Dynasty and Anglo American. Adjacent to the east of Estelle is Kiska Metals' Whistler copper-gold porphyry deposit, another well-advanced project with a reported resource totaling over five million ounces of gold.

Preliminary work conducted by Millrock in 2008 identified high-grade gold veins spanning the property which measures approximately 5 km by 20 km. These gold-bearing veins are significant targets, but at the Shoeshine and Oxide Ridge prospects the veins are spatially associated with porphyritic intrusive rocks, quartz stockworks and hydrothermal breccias. These features, and extensive surface geochemical anomalies, indicate the potential for large, bulk minable, intrusive-related or porphyry-style deposits.

In 2009 chip sampling returned very encouraging results: at Shoeshine, samples averaged 1.2 g/t gold over 12.1 metres; at Oxide Ridge samples averaged 1.0 g/t over 22.86 metres. Several drill targets were identified for drilling in 2010, and search for a funding partner was begun.

In April 2010, an agreement was concluded with **Teck** American International to option Estelle, including an investment in Millrock of \$600,000. In exchange for the financing arrangement, Millrock granted Teck the exclusive right to enter into an option to joint venture agreement on Millrock's Estelle gold project. Should Teck exercise its right, it could earn a maximum 65% interest by expending US\$8.6 million on exploration and paying Millrock \$400,000 prior to the end of 2014.

Millrock, as operator, will advance the Estelle project in summer 2010 by conducting a comprehensive geological, geochemical and geophysical program that will be designed in close consultation with Teck.

ST. EUGENE & MONTE CRISTO PROPERTIES, Kahiltna Terrane

These two new properties were staked in February 2010 as a result of Millrock's 2009 Kahiltna prospecting program which produced a number of exciting surface gold and copper discoveries. For their funding of the Millrock-Altius strategic alliance in this regional reconnaissance effort, **Altius** Resources had the right to form a 50-50 joint venture with Millrock on the exploration of St. Eugene and Monte Cristo, which they elected to do.

The Monte Cristo project is located 130 km northwest of Anchorage and comprises 29 claims covering 1,878 hectares. Millrock's field team identified porphyritic intrusive rocks containing anomalous gold values in rock and soil over a distance of 1.5 km. Soil samples ranged up to 400 ppb gold and averaged 86 ppb gold from 22 samples. Rock assays ranged up to 4.2 g/t gold and averaged 0.493 g/t gold from 17 samples. The target at Monte Cristo is a large tonnage, intrusive-related gold-rich porphyry deposit.

The St. Eugene project, located 150 km northwest of Anchorage, consists of 26 claims covering 1,683 hectares. The claims host a copper-gold-molybdenum porphyry system initially discovered

in the 1970s, but recent glacial retreat afforded Millrock geologists a fresh view of the property and indications of the potential presence of a major deposit at St. Eugene. Millrock and Altius are looking for another working partner to option these properties and underwrite the cost of this early-stage exploration. Meanwhile, a limited program of mapping and sampling is planned for 2010 to better demonstrate the target potential.

REVELATION PROPERTY, Kahiltna Terrane

Staked in January 2010, Revelation was the third new property identified by Millrock's regional prospecting program in the Kahiltna Terrane area. It is located in the Rainy Pass district about 200 km northwest of Anchorage and comprises 36 claims covering 2,331 hectares. It is also in proximity to known gold deposits at International Tower Hill's Terra property, and located west of Estelle and Kiska's Whistler project.

Millrock staked the claims following the purchase of maps and data from consulting geologist Gerald Booth. The purchase agreement consists of payments of US\$45,000 made over four years and the issuance of 40,000 Millrock shares. In the event an ore body is discovered, a further payment of US\$2.0 million will be made upon commencement of commercial production.

At Revelation, Millrock is targeting a large-tonnage, intrusive-related gold deposit. Large-scale geochemical stream and soil anomalies have been recorded in the area and indicate that the mineralized zone extends under the receding glacial coverage.

Millrock is currently seeking a joint venture partner to fund exploration. Until then work in 2010 will be limited to mapping and sampling to better demonstrate the extent of the mineralization and alteration system.

UNCLE SAM PROPERTY, Tintina Gold Belt

The Uncle Sam project is an intrusive-related gold target located approximately 75 km southeast of Fairbanks in the Tintina Gold Belt. Covering 3,131 hectares, the property consists of 194 State of Alaska mining claims. The target may be a vein-style deposit similar in nature to the Pogo Mine (+5 million ounces), located 60 km to the east of Uncle Sam, or similar to the disseminated style of mineralization at the Fort Knox Mine (+5 million ounces) located 70 km to the northwest.

Uncle Sam was acquired in November 2009 from Kiska which supplied an extensive exploration data package demonstrating presence of an exceptionally large gold geochemical anomaly as well as a highlight drill intersection of 10.6 m averaging 6.1 g/t gold and a total of 18 individual drill intersections of greater than 1.0 g/t gold over drilled widths ranging from 3 m to 12 m.

Terms of the agreement with Kiska include the right of Millrock to earn a 100% interest in Uncle Sam with a total exploration expenditure of US\$2.7 million, cash payments totalling US\$200,000 and the issuance of one million shares of Millrock stock. In turn, Millrock is seeking a joint venture partner to finance the exploration and the extensive drilling that the property warrants.

To date, a working partner for Uncle Sam has not been secured and 2010 exploration plans have been temporarily curtailed pending appropriate funding.

FORTYMILE PROPERTY, Tintina Gold Belt

Millrock owns 100% of the 168 claims covering 9,107 hectares that make up the Fortymile property package in east-central Alaska, approximately 90 km southwest of the White Gold deposit of Underworld Resources and in an historic mining region where over 300,000 ounces of placer gold production has been recorded.

The placer gold is spatially related to porphyritic intrusive dikes and sills. Most hard rock occurrences discovered to date consist of quartz and calcite veins with various combinations of arsenopyrite, chalcopyrite, stibnite and other sulfide minerals. These associations are similar to intrusive-related gold mineralization elsewhere in Alaska, Yukon and Nevada and could lead to the discovery of deposits similar to Donlin Creek, Fort Knox, Pogo and Brewery Creek deposits.

Limited work was conducted on this property in 2009 but data was purchased from prior operator Kennecott, and was analyzed in depth using Geographic Information System mineral potential modeling techniques. Numerous new drill targets emerged from this work.

During the first quarter period, Millrock continued to seek a joint venture partner to finance the more extensive exploration and drilling the property warrants. If a funding partner is secured in time, Millrock plans a 2010 field program of rock sampling, geophysics and drilling. If not, a limited program of stream sediment sampling and surface sampling will be conducted.

Arizona Properties

Millrock owns and operates three Arizona projects. Each are under option to major mining companies and are in the well-established porphyry copper trends of southeastern Arizona. Exploration is focused on the discovery of large production-scale copper deposits. The following provides an overview of each property, results of operations for the first quarter and subsequent period, as well as any related corporate developments:

GALIURO PROPERTY, San Manuel-Copper Creek Copper Trend

The project, 214 claims covering 2,553 hectares staked in 2008, is located 80 km southeast of the Resolution deposit in southeast Arizona, which is currently being explored by Rio Tinto, and reported to contain one to two billion tons of mineralized material grading between 1% and 2% copper. The Galiuro claim block is situated on the San Manuel-Copper Creek porphyry copper trend, with the Copper Creek property just west of the claim block and a very large, intense alteration zone to the east.

The target at Galiuro is a large, high-grade porphyry copper-gold-molybdenum deposit that can be mined by open pit or block caving mining methods.

In spring 2009 an agreement with **Vale** Exploration Canada was announced whereby Vale may expend up to US\$3.5 million and make cash payments totaling US\$850,000 prior to December 31, 2012 to earn a 60% participating interest in the property. Vale has the option to acquire an additional 10% participating interest if it completes a favorable feasibility study. Millrock will be the exploration manager until December 31, 2010, and thereafter at Vale's discretion.

Field work in 2009, funded by Vale, consisted of detailed geological mapping and a ZTEM/magnetic airborne geophysical. Conductive zones as indicated by ZTEM, in geologically favorable locations, were confirmed by ground geophysical surveys. Drill holes will target these conductive zones that are overlain by intense porphyry-style alteration zones.

In the first quarter, Vale renewed their option for 2010 and indicated their intention to finance a drilling and exploration program of a minimum US\$750,000 value. Subsequent to the end of the quarter drilling began at Galiuro in early May, 2010.

SAN JOSE & DRY MOUNTAIN PROPERTIES, Safford & Morenci Copper Trends

The San Jose and Dry Mountain properties, comprised of a total of 470 claims covering 4,172 hectares, are located on the highly prolific Safford and Morenci porphyry copper trends in southeastern Arizona. The series of deposits account for some 10 billion tons of past copper ore production.

At San Jose, drilling by Noranda in the early 1990s identified a porphyry cell. Geochemical surveys indicate potential for a larger deposit nearby. At Dry Mountain, a strong copper-molybdenum geochemical anomaly 10 km in diameter has been outlined. The target for these properties is large-scale porphyry copper deposits. During 2009, Millrock searched for a major partner to fund the extensive exploration required for these highly prospective claims. In March 2010, Millrock announced finalization of an option to joint venture agreement with **Inmet** Mining Corporation for the exploration of the San Jose and Dry Mountain properties. The agreement gives Inmet the opportunity to earn a 70% interest in the two claim blocks by spending US\$4.0 million in exploration expenditures and making option payments of US\$300,000. The 2010 exploration expenditure commitment is US\$500,000 and the initial payment US\$50,000.

Millrock will operate the 2010 field program that will entail a \$500,000 spring program of geophysical surveys designed to refine drill targets, with drilling to follow as early as fall 2010.

Financial Results for the Three Months Ended March 31, 2010

The Company had revenue of \$53,855 for the three months ended March 31, 2010 and a loss from its operation of \$281,055, as compared to its loss of \$224,564 for the three months ended March 31, 2009. The revenue resulted from management fees received from joint venture partners. The increase in operational loss resulted from the increase in investor relations, conference & exhibition expenses, travel and stock compensation costs, which was partially offset by exchange on the translation of foreign subsidiaries' financial statements into Canadian dollars.

General & administrative expenses for the three months ended March 31, 2010 totalled \$334,910. The five largest expense items are consulting fees of \$63,617, stock-based compensation of \$25,590, investor relations fees of \$95,784, conference and exhibition costs of \$25,525, and travel costs of \$42,262. These items comprise approximately 75% of the total loss of the Company.

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Consulting expenses account for \$63,617, or approximately 19%, of the total general and administrative expenses for the three months ended March 31, 2010, which include the consulting service rendered from the CEO, CFO, corporate secretary and other service providers. The consulting expense for the three months ended March 31, 2009 was \$57,321.

Stock based compensation expenses account for \$25,590, or approximately 8%, of the Company's administrative expenses for the three months ended March 31, 2010. 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 the three months ended March 31, 2010, a total of 150,000 stock options were granted, of which 50,000 vested immediately and 100,000 are to be vested during 2010.

Investor relations expenses amount to \$95,784, representing 28% of the general and administrative expenses for the three months ended March 31, 2010. The substantial increase in costs was related to an increase in investor relations activities and the costs of marketing campaigns designed to increase awareness of the Company to the investment community including stock brokers and mutual funds managers.

Conference and exhibition costs amount to \$25,525, or approximately 8%, of the total general and administrative expenses. The conference and exhibition expense for 2008 was \$8,428. The increases in costs are related to an increase in the attendance of conferences undertaken by the company.

Travel costs amounted to \$42,262, or approximately 13% of the total general and administrative expenses. The travel costs for 2008 were \$23,522. The substantial increase in both promotional & entertainment costs and travel costs are related to an increase in the attendance of conferences undertaken by the company.

Summary of Quarterly Results

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

	Mar. 31 2010 Q1	Dec. 31 2009 Q4	Sep. 30 2009 Q3	Jun. 30 2009 Q2	Mar. 31 2009 Q1	Dec. 31 2008 Q4	Sep. 30 2008 Q3	Jun. 30 2008 Q2
Mineral expenditures	\$ 205,335	\$ (337,437)	\$ 703,707	\$ 160,396	\$ 484,378	\$ 706,151	\$ 1,745,245	\$ 582,564
G&A expense (including stock comp.)	334,910	610,710	(19,018)	440,800	224,564	296,929	180,899	336,207
Stock comp. expense	25,590	154,151	2,964	104,946	1,149	134,715	13,954	57,557
Adjusted G&A (excluding stock comp.)	309,319	456,559	(21,981)	335,853	223,416	162,214	166,945	278,650
Mineral properties write-off	-	741,400	-	1	255	189,392	1,078	-
Net Income/(loss)	(280,562)	(1,353,701)	21,349	(441,640)	(229,023)	(474,786)	(169,140)	-318,218
Loss per share	\$ (0.01)	\$ (0.05)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

Liquidity

As of March 31, 2010, the Company has accumulated a deficit of \$9,683,442 and has working capital of \$919,548.

In October 2009, the Company closed a multi-tranche non-brokered private placement in which a total \$1,657,500 in gross proceeds was raised. Earlier in the year, two other private placements, with venture partners Kinross and Altius, were completed. In June 2009, Kinross purchased 2,187,500 units (each unit comprising one share and one-half share purchase warrant, each whole warrant exercisable at \$0.21) of Millrock at \$0.16 which raised \$350,000. Earlier that month, Altius purchased 4,227,273 units (each unit comprising one share and one share purchase warrant, warrants exercisable at \$0.30 within a year and \$0.40 within two years) of Millrock at \$0.22 which raised \$930,000. Subsequent to the quarter end, in April 2010, Millrock completed another private placement with Kinross, issuing 841,042 shares at \$0.29725 per share for proceeds of \$250,000; in May 2010, Millrock completed a private placement with Teck American Inc., issuing 1,363,636 shares at \$0.44 per share for proceeds of \$600,000 and issued 186,000 common shares on the exercise of warrants at \$0.30 for net proceeds of \$73,800.

These private placements, together with proceeds totalling \$850,000 subsequent to the quarter ended March 31, 2010 substantially strengthened the company's cash position which stood at \$1,693,246 as at May 26, 2010. Further analysis indicates that \$1,353,325 is restricted or allocated for drilling as part of the Company's joint venture agreements, leaving unrestricted cash of \$339,921. It is believed these are sufficient funds for the Company to carry out its exploration activities for the balance of 2010. The Company will need to complete further financings for the purposes of generating new projects and for further development, maintenance of projects for which no earn-in partner has yet been secured, and overhead expenses.

The Company in 2010 does not have sufficient revenue that will cover its ongoing expenses. It relies on equity financing to fund exploration programs on its properties 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 favourable.

The Company does have two other sources of cash flow: option payments, which are recorded against the related property cost and not considered revenue until the property cost is reduced to zero; and management fees, which are recorded as revenue.

Property Obligations

The Company has several active agreements with other companies under which the Company is required to meet certain obligations to keep its properties in good standing.

Bering Straits Native Corporation, Alaska:

Some of the lands that comprise the Bluff and Council projects are the subject of an underlying lease agreement Millrock has with the Bering Straits Native Corporation ("BSNC").

On April 23, 2008, the Company signed an exploration agreement with Golden Glacier Inc. (a wholly-owned BSNC subsidiary) that grants the Company the exclusive right to explore and develop mineral deposits and provides an option to sublease multiple tracts of BSNC land. The agreement has a five year term and calls for total expenditures of US\$4 million with a first year work commitment of US\$300,000. Annual option payments will total US\$550,000 over five years with US\$30,000 on signing. Additionally, the Company will contribute a total of US\$40,000 over the life of the agreement to the Bering Straits Foundation Scholarship Fund,

including an initial payment of US\$5,000. The agreement also calls for one million Millrock shares to be issued in total to BSNC over the life of the agreement.

A cash payment of \$50,000, a \$5,000 scholarship donation and a share issuance of 100,000 shares was to be made on January 1, 2009. However, the Company requested that Golden Glacier Inc. allow an extension until March 1, 2009 for the cash payment and share issuance while Millrock awaited the results of the 2008 exploration program. The scholarship donation was made by January 1, 2009. Subsequently, Millrock received its results, elected to keep the agreement in good standing and has made the payment and stock issuance to Golden Glacier Inc. The agreement is in good standing. Millrock will continue to keep the agreement in good standing and is required to do so by the terms of its earn-in agreements with Kinross and Valdez Gold.

Albion Property, Alaska:

Millrock has an option to purchase a 100% interest in the Albion property, which now forms part of the Council project which is subject to an earn-in agreement with Kinross. The Albion block consists of 51 State of Alaska claims covering 2,231 hectares. Millrock may purchase the claims by paying the owners 500 ounces of gold bullion in annual installments and by making a minimum of US\$250,000 in exploration expenditures by the end of 2012.

Estelle Property, Alaska:

On April 2, 2008, the Company made a purchase agreement with International Tower Hill Mines Ltd. ("ITH") to acquire its option rights to Estelle. Under the terms of the original agreement, consideration of 650,000 common shares was issued on April 14, 2008 to ITH. By virtue of the purchase, the Company gained the option to earn up to an 80% interest in the property from the underlying property owners, Hidefield Gold Plc, a London, England based AIM listed company, and Mines Trust Co., a private Alaska firm. The Company could have earned a 51% interest by expending US\$2 million by the end of 2009, a 70% interest by expending a cumulative US\$5 million by the end of 2011, and 80% by tabling a positive feasibility study. A further 2.5% NSR royalty may have become payable to the underlying property owners under certain conditions.

On February 5, 2009, the Company announced that it purchased a 100% interest in the Estelle gold claims from underlying property owners. The consideration paid for the 100% interest is US\$125,000 and issuance of 1.25 million of the Company's common shares. A 3.0% NSR royalty will be payable upon production. The royalty may be reduced by 0.5% by paying one of the underlying royalty holders US\$1.0 million. There is no further payment or work commitment required. The claims can be maintained by paying State of Alaska claim rentals and performing assessment work.

Uncle Sam Property, Alaska:

In November 2009 the Company optioned the Uncle Sam property from Kiska Metals Corporation ("Kiska").

The agreement grants Millrock the option to purchase a 100% interest in the Uncle Sam property by making cash payments, meeting exploration work commitments and by issuing Millrock shares in accordance with the following schedule:

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	Share Issuance	Cash Payment	Work Commitment
30 days after TSX.V acceptance	250,000	US\$40,000	
November 1, 2010	250,000	US\$40,000	US\$200,000
November 1, 2011	250,000	US\$60,000	US\$300,000
November 1, 2012	250,000	US\$60,000	US\$1,000,000
November 1, 2013			US\$1,200,000
Total	1,000,000	US\$200,000	US\$2,700,000

Millrock may accelerate the purchase at any time prior to November 1, 2013 by making the remaining cash payments and stock issuances otherwise needed to earn the 100% interest plus an additional share issuance of 500,000 shares. Kiska would waive any remaining work commitment if the purchase is accelerated.

Additionally, Millrock will make 1.0 million share issuances to Kiska at each of the following milestones:

1. Filing of a NI 43-101 compliant technical report disclosing a gold resource exceeding 1.0 million ounces; and
2. Commencement of commercial production

A royalty of 2% NSR is payable to a third party royalty holder.

Revelation Property, Alaska:

Subsequent to year end Millrock staked a 2,233 hectare block of claims in the Kahiltna Terrane west of Estelle, called the Revelation property. Prior to staking, the Company purchased maps, data and other information from a private individual that led the Millrock team directly to the mineralized site. The purchase agreement consists of payments of US\$45,000 made over four years and the issue of 40,000 Millrock shares (provided the claims are held for those four years). In the event that an ore body is discovered, a payment of US\$2.0 million will be made to the individual upon commencement of commercial production. Millrock will be responsible for the cash and share issuance obligations until an earn-in partner is secured for the project. Earn-in partners will be expected to bear the cash portion of the obligation; Millrock will maintain the obligation for the share issuance.

Arizona Properties:

On Jan 14, 2008, the Company entered into agreements to purchase three properties, Dry Mountain, Galiuro and San Jose in southeastern Arizona. Payments of US\$10,000 and 15,000 shares are payable to the owner for each property within 30 days of anniversary date as long as the Company holds the property, and a payment of US\$2 million for each property totaling US\$6 million is to be paid upon commercial production. (This amount is not included in the table below.)

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The cash portions of the obligations to the underlying property owner are borne by the earn-in partners. Millrock will bear the cost of the share issuances.

Summary of All Property Obligations

Year	Cash Payment (USD)	Shares to Be Issued	Work Commitment (USD)
2010	315,000	525,000	1,800,000
2011	559,110	635,000	4,000,000
2012	455,480	645,000	3,850,000
2013	86,850	45,000	1,100,000
2014	68,220	0	0
2015	113,700	0	0
2016	113,700	0	0
2017	113,700	0	0
	\$ 1,416,440	1,850,000	\$ 10,750,000

Joint Venture Partnerships

The Company in the past year 2009, and in the three months ended March 31, 2010, has entered into a number of option agreements with third party companies for the exploration of its properties. Following are the terms under which these companies can earn interests in various Millrock projects.

Vale (Galiuro Project, Arizona)

Under the option agreement announced in March 2009, Vale funded approximately \$500,000 of exploration work prior to December 31, 2009. Vale may fund a further US\$3,000,000 over the next three years through to December 31, 2012. Vale has also made cash payments totaling US\$200,000 and may elect to make additional cash payments totaling US\$650,000 over 2011 and 2012 to earn an undivided 60% participating interest in the underlying claims. Thereafter further expenditures will be funded by the parties pro-rata in accordance with their respective participating interests. Vale also has the option to acquire an additional 10% participating interest in the claims if it completes a favorable feasibility study.

Kinross (Council Project, Alaska)

An option agreement with Kinross, announced in December 2009, grants Kinross the right to earn a 55% joint venture interest in Millrock's Council properties by incurring exploration

expenditures of US\$3 million and paying Millrock a total of US\$260,000. The initial cash payment is US\$65,000 and the minimum 2010 exploration expenditure is US\$500,000. The agreement includes provision for a private placement financing of \$250,000 in which Kinross purchased shares of the Company. Kinross may elect to increase its interest in the project to 75% by making a further US\$3 million exploration expenditure and assuming all payments to underlying property owners.

Valdez Gold (Bluff Project, Alaska)

By another option agreement announced December 2009, Valdez Gold can earn an initial 55% interest in the Bluff project by spending US\$3.0 million in exploration expenditures, making option payments of US\$300,000, and issuing 900,000 shares of Valdez to Millrock prior to December 31, 2012. The 2010 exploration expenditures commitment is US\$500,000 and initial payments are US\$50,000 and 300,000 shares. Valdez is able to opt out of the agreement at any time once it has made US\$500,000 in exploration expenditures.

Inmet (San Jose & Dry Mountain, Arizona)

Subsequent to first quarter period end, Millrock signed an agreement with Inmet Copper Corporation whereby Inmet may earn a 70% interest in the two claim blocks, San Jose and Dry Mountain, by spending US\$4.0 million in exploration expenditures and making option payments of US\$300,000. The 2010 exploration expenditure commitment is US\$500,000 and the initial payment is US\$50,000.

Altius (Strategic Alliance, Kahiltna Terrane, Alaska)

In June 2009, Altius Minerals agreed to a private placement financing with the Company to initially fund a strategic alliance for exploration of the Kahiltna Terrane region of south-central Alaska.

This private placement yielded gross proceeds of \$994,243 from the sale of 4,519,287 units at a price of \$0.22 cents per unit to be used to fund a strategic alliance in five specific Areas of Interest ("AI") in Alaska. Millrock is to deploy the alliance funds to research each AI and propose an exploration plan for acceptance by Altius. Millrock will be operator of the alliance and will undertake reconnaissance exploration to generate new prospects. Altius will have the opportunity to name any projects proposed within an accepted AI as a "Designated Project". The costs of staking a Designated Project will be covered by SA funds and will become subject to a 1% net smelter return ("NSR") royalty on gold and a 0.5% NSR royalty on all other metals or minerals in favour of Altius. Designated Projects that are acquired from third parties will not be subject to a royalty and Altius and Millrock will share acquisition costs equally. At this stage, Altius may elect to establish a 50%-50% joint venture arrangement with Millrock.

The first two projects designated to joint venture, the newly staked St. Eugene and Monte Cristo properties, were announced in February 2010.

Teck American Inc. (Estelle Project, Alaska)

An agreement pertaining to the Company's Estelle project was made with Teck American Inc. ("Teck") Millrock will advance the property in the summer of 2010 by conducting a

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comprehensive geological, geochemical and geophysical program that will be designed in consultation with Teck. Upon completion of the initial exploration program, Teck can earn an initial 55% interest in the property by incurring US\$3.6 million in expenditures over two years. Teck can then earn an additional 10% interest by solely financing an additional US\$5 million in optional expenditures on the property and making optional cash payments to Millrock totalling US\$400,000 prior to the end of 2014.

The following summary table indicates the cash payments that would be made to Millrock, and the exploration expenditures that would be made on Millrock's mineral properties in the event that all of the current joint venture agreements remain in effect.:

Year	Cash Payment (USD)	Work Commitment (USD)
2010	815,000	3,550,000
2011	590,000	7,550,000
2012	790,000	7,416,667
2013	150,000	1,666,667
2014	150,000	1,666,667
	2,495,000	21,850,000

Related Party Transactions

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

	Three Months Ended March 31	
	2010	2009
Accounting	\$ 8,250	\$ 7,500
Consulting fee	70,308	93,813
Directors' fee	2,000	2,000
	\$ 80,558	\$ 103,313

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

- (a) As of March 31, 2010, the amount due from related parties includes \$10,232 advanced to a director for travel expense. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

Critical Accounting Estimates

The most significant accounting estimates for the Company relate 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 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

Effective January 1, 2008, the Company adopted the following new CICA Handbook Standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation.

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.

Future Accounting Changes

International Financial Reporting Standards (IFRS) Changeover Plan

In January 2006, the CICA's Accounting Standards Board ["AcSB"] formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after

January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, financial statements in accordance with IFRS for the three months ended March 31, 2011 with 2010 comparatives.

The Company is currently in the process of evaluating the potential impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. It is anticipated that the Company's financial results and financial position as disclosed in the Company's current GAAP financial statements will not be significantly different when presented in accordance with IFRS.

IFRS Transition Plan

The Company has established a comprehensive IFRS transition plan. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

- 1) Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS. Complete.
- 2) Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards. Complete.
- 3) Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives. In progress, completion expected during Q3 2010
- 4) Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements. In progress, completion expected during Q3 2010
- 5) Quantification of the Financial Statement impact of changes in accounting policies. Throughout 2010
- 6) Management and employee education and training. Throughout the transition Process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes. To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of the Company that will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment. The Company has identified the following optional exemptions that it expects to apply in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company’s “Transition Date”:

- To apply IFRS 2 *Share-based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply the transition provisions of IFRIC 14 *Determining whether an Arrangement Contains a Lease*, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.
- To apply IAS 23 *Borrowing Costs* prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets. Prior to reporting interim financial statements in accordance with IFRS for the quarter ended March 31, 2011, the Company may decide to apply other optional exemptions contained in IFRS 1. IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company’s opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company’s Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements. The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company’s accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Exploration and Evaluation Expenditures

IFRS 6 currently allows an entity to retain its existing accounting policies related to the

exploration for and evaluation of mineral properties, subject to some restrictions. The Company expects to retain its current policy of capitalising exploration and evaluation expenditures as incurred. Therefore the Company does not expect that the adoption of IFRS will result in any significant change to the related line items within the consolidated financial statements.

2) *Impairment of (Non-financial) Assets*

IFRS requires a write-down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. The Company's accounting policies related to impairment of assets will be changed to reflect these differences. The Company, however, does not expect this change will have an immediate impact to the carrying value of its assets. The Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

3) *Foreign Currency*

IFRS requires that the functional currency of the Company and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP. The Company does not expect any changes to its accounting policies related to foreign currency that would result in a significant change to line items within the consolidated financial statements at the Transition Date.

4) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP. The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within the consolidated financial statements.

5) *Asset Retirement Obligations (Decommissioning Liabilities)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences. The Company, however, does not expect this change will have an immediate impact to the carrying value of its assets.

6) *Property and Equipment*

IFRS contains different guidance related to the recognition and measurement of property and equipment than current Canadian GAAP. The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within the consolidated financial statements.

7) *Income Taxes*

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes. The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

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 exploration costs in Alaska and Arizona are incurred. The Company doesn't have a currency hedging program in place, as the operation scale and cash balance is still small and does not require such an expensive and sophisticated program.

Share Capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued and outstanding common shares

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Description		Date	Number of Shares	Share Capital	Contributed Surplus
Balance December 31, 2008			30,211,879	\$ 10,922,792	\$ 815,226
Issued for cash pursuant to					
Private placements	Kinross Gold @\$0.16	04-Jun-09	2,187,500	350,000	
	Altius Resources @\$0.22	15-Jun-09	4,227,273	930,000	
	Tranche 1 @\$0.20	17-Sep-09	5,275,000	1,055,000	
	Tranche 2 @ \$0.20	05-Oct-09	1,587,500	317,500	
	Tranche 3 @ \$0.20	21-Oct-09	1,425,000	285,000	
Issued for mineral properties					
	Arizona @ \$0.57	12-Jan-09	105,000.00	59,850.00	
	Bering Straits @ \$0.10	17-Feb-09	100,000.00	10,000.00	
	Estelle @ \$0.12	26-Feb-09	1,250,000.00	150,000.00	
	Uncle Sam Ppty @ \$0.20(Kiska Metals Corp)	02-Nov-09	250,000.00	50,000	
	BSNC Expl Agmt @ \$0.20(Golden Glacier Inc)	10-Dec-09	200,000.00	40,000	
Returned to Treasury for reconciliation			(408.00)		
Share issue costs and finder's fee				(189,070)	68,197
Stock based compensation - UP communication					3,966
Stock based compensation - D. Brosseau					6,896
Stock based compensation - 750,000 options			08-May-09		105,000
Stock based compensation - 825,000 options			28-Dec-09		147,350
Balance December 31, 2009			46,818,744	\$ 13,981,072	\$ 1,146,633
Issued for mineral properties					
	Caliuro Property @ \$0.24	20-Jan-10	45,000.00	10,800.00	
Stock based compensation - Vantage Communication					6,665
Stock based compensation - Glen Phillips					2,763
Stock based compensation - D. Brosseau					3,951
Stock based compensation - M. Schaefer			15-Jan-10		12,211
Balance March 31, 2010			46,863,744	\$ 13,991,872	\$ 1,172,223

On January 12, 2009, the Company issued 105,000 common shares valued at \$59,850 for the Dry Mountain, San Jose, and Galiuro properties in Arizona.

On February 17, 2009, the Company issued 100,000 common shares valued at \$10,000 pursuant to the Bering Straits property.

On February 26, 2009, the Company issued 1,250,000 common shares valued at \$150,000 for the Estelle property.

On June 4, 2009, the Company issued 2,187,500 units at \$0.16 per unit for gross proceeds \$350,000. Each unit is comprised of one common share and one-half of one share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.21 until June 6, 2011.

On June 15, 2009, the Company issued 4,227,273 units at \$0.22 per unit for gross proceeds \$930,000. Each unit is comprised of one common share and one share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.30 in year one and \$0.40 in year two.

On September 17, 2009, the Company issued 5,275,000 units at \$0.20 per unit for gross proceeds \$1,055,000. Each unit is comprised of one common share and one-half of one share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.30 until March 17, 2011. Finders' fees of 8% were paid on a portion of the financing as follows: \$72,000 cash and 360,000 finders' warrants were issued. Each finder warrant is exercisable into one common share at a price of \$0.30 until March 17, 2011.

On October 5, 2009, the Company issued 1,587,500 units at \$0.20 per unit for gross proceeds \$317,500. Each unit is comprised of one common share and one-half of one share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.30 until April 5, 2011. Finders' fees of 8% were paid on a portion of the financing as follows: \$25,400 cash and 127,000 finders' warrants were issued. Each finder warrant is exercisable into one common share at a price of \$0.30 until April 5, 2011.

On October 21, 2009, the Company issued 1,425,000 units at \$0.20 per unit for gross proceeds \$285,000. Each unit is comprised of one common share and one-half of one share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.30 until April 21, 2011. Finders' fees of 8% were paid on a portion of the financing as follows: \$20,000 cash and 100,000 finders' warrants were issued. Each finder warrant is exercisable into one common share at a price of \$0.30 until April 21, 2011.

On November 2, 2009, the Company issued 250,000 common shares valued at \$50,000 for the Uncle Sam property.

On December 10, 2009, the Company issued 200,000 common shares valued at \$40,000 for the BSNC Exploration Agreement.

On January 20, 2010, the Company issued 45,000 common shares valued at \$10,800 for the Galiuro property as part of its option payment.

Stock Options

The Company has a stock option plan which provides for the granting of up to 4,681,874 stock options to acquire common shares to executive officers, directors, employees and consultants. As of May 26, 2010, the Company has 741,874 stock options available for future issuance under the plan. Stock option transactions are summarized as follows:

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	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2008	2,240,000	\$ 0.38
Forfeited on May 31, 2009	(50,000)	\$ 0.55
Forfeited on May 31, 2009	(50,000)	\$ 0.56
Forfeited on May 31, 2009	(100,000)	\$ 0.36
Forfeited on May 31, 2009	(75,000)	\$ 0.25
Granted on May 8, 2009	750,000	\$ 0.18
Granted on Aug 1, 2009	100,000	\$ 0.22
Granted on Dec 28, 2009	825,000	\$ 0.25
Granted on Dec 28, 2009	150,000	\$ 0.25
Outstanding at December 31, 2009	3,790,000	\$ 0.30
Granted on January 15, 2010	50,000	\$ 0.29
Granted on February 9, 2010	100,000	\$ 0.25
Outstanding at March 31, 2010	3,940,000	\$ 0.30
Exercisable at March 31, 2010	3,558,056	\$ 0.32

The following table summarizes the Company's outstanding options as of May 17, 2010.

Number of Shares	Exercise Price	Expiry Date
950,000	\$ 0.45	29-May-12
75,000	\$ 0.45	7-Aug-12
150,000	\$ 0.45	1-Oct-12
50,000	\$ 0.55	21-Nov-12
10,000	\$ 0.56	6-Dec-12
50,000	\$ 0.36	1-Apr-13
680,000	\$ 0.25	21-Aug-13
750,000	\$ 0.18	8-May-14
100,000	\$ 0.22	1-Aug-14
825,000	\$ 0.25	28-Dec-14
150,000	\$ 0.25	28-Dec-14
50,000	\$ 0.29	15-Jan-15
100,000	\$ 0.25	9-Feb-15
3,940,000		

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*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 was estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions: of \$263,210 has been charged to operations.

Dividend yield	Nil
Expected volatility	124% - 170%
Risk-free rate of return	2.14% - 3.22%
Expected life of options	5 years

The weighted average fair value of the 3,790,000 (2008: 2,240,000) share purchase options granted was \$0.30 (2009: \$0.38) per option. Total stock-based compensation expense of \$263,210 (2008:\$220,179) has been charged to operations.

Warrants and agent's warrants

As of May 26, 2010, the Company had outstanding warrants and agent warrants for the purchase of 15,552,273 common shares at an average price common share of \$ 0.45.

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	Shares	Weighted Average Exercise Price	Exercise Price	Expiry Date
Outstanding at December 31, 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		\$ 1.00	7-Aug-09
Agent warrants issued, Aug 07, 2007	137,667		\$ 0.45	7-Aug-08
Issued on Nov 2, 2007	2,355,555		\$ 1.00	2-Nov-09
Agent warrants issued on Nov 2, 2007	157,360		\$ 0.45	2-Nov-08
Outstanding at December 31, 2007	3,900,584	0.96		
			\$ 0.50	26-May-09
Issued on May 26, 2008	5,500,500	0.75	\$ 0.75	26-May-10
Issued on May 26, 2008	562,450	0.25	\$ 0.25	26-May-09
Agent warrants expired, Aug 07, 2007	-137,667	0.45	\$ 0.45	7-Aug-08
Agent warrants expired, Nov 02, 2008	-157,360	0.45	\$ 0.45	2-Nov-08
Outstanding at December 31, 2008	9,668,507	0.81		
Expired - Issued on May 26, 2008	-562,450	0.25	\$ 0.25	26-May-09
Issued on June 4, 2009	1,093,750	0.21	\$ 0.21	4-Jun-11
Issued on June 14, 2009	4,227,273	0.30	\$ 0.30	15-Jun-10
Expired - Issued on August 7, 2007	-1,250,002	1.00	\$ 1.00	7-Aug-09
Issued on September 17, 2009 for private placement (Tranche 1)	2,637,500	0.30	\$ 0.30	17-Mar-11
Agent warrants issued, finders' fee for private placement, Sep 17	360,000	0.30	\$ 0.30	17-Sep-10
Issued on October 5, 2009 for private placement (Tranche 2)	793,750	0.30	\$ 0.30	5-Apr-11
Agent warrants issued, finders' fee for private placement, Oct 5,	127,000	0.30	\$ 0.30	5-Oct-10
Issued on October 21, 2009 for private placement (Tranche 3)	712,500	0.30	\$ 0.30	21-Apr-11
Agent warrants issued, finders' fee for private placement, Oct 21	100,000	0.30	\$ 0.30	21-Oct-10
Expired - Issued on Nov 2, 2007	-2,355,555	1.00	\$ 1.00	2-Nov-09
Outstanding at December 31, 2009	15,552,273	0.45		
No transaction for the period	-			
Outstanding at March 31, 2010	15,552,273	0.45		

The fair value of the agent's warrants of \$68,197 (2008: \$102,115) 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	108%
Risk-free rate of return	3.27%
Expected life of warrants	1 to 2 year

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Corporate Secretary

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Director

LISTINGS

TSX Venture Exchange: **MRO**

CAPITALIZATION

(as at May 26, 2010)

Shares Authorized: Unlimited

Shares Issued: 47,950,786

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