



## **Management Discussion & Analysis**

For the Year Ended December 31, 2009 and up to April 26, 2010

## **Description of Business**

Millrock Resources Inc. (“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 (8) active exploration projects in Alaska, and three (3) 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 year ended December 31, 2009.

## **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 Year**

### **Exploration**

Though there was no drilling undertaken on the Company’s properties during the year due to the general financial and market downturn, Millrock was very active in the field conducting regional reconnaissance programs, staking, data analysis and geological, geochemical and ground and airborne geophysical surveys. Notable was the chip sampling program at **Estelle** (Alaska) which returned gold values exceeding one gram per tonne over significant lengths in bedrock; the surrounding soil anomalies indicated a large mineralizing system in what is interpreted as the upper portions of a gold porphyry system. At **Galiuro** (Arizona) detailed geological mapping and a ZTEM/magnetic airborne geophysical survey was carried out in 2009; conductive zones in geologically favourable locations were confirmed by ground geophysical surveys and targets identified for drilling in spring 2010. At **Fortymile** (Alaska) analysis of extensive data acquired from Kennecott produced numerous drill targets. Millrock prospecting crews spent several weeks surveying in the **Kahiltna Terrane**, northwest of Anchorage, Alaska; this regional reconnaissance program resulted in the staking of three new properties.

### **New Properties - Alaska**

The three new properties in the Kahiltna Terrane staked during the year were **Monte Cristo** (1,878 hectares), **St. Eugene** (1,683 hectares), and **Revelation** (2,331 hectares), all large copper-gold or gold-only prospects identified by Millrock geologists who, aided by the region's recent glacial melt, are observing large mineralized structures exposed for the first time. Earlier in the year, Millrock completed acquisition of its first prospect in the Kahiltna, **Estelle**, a 214-claim 13,157 hectare property adjacent to Kiska Metals' Whistler copper-gold property. An intrusive-related gold prospect, **Uncle Sam** (3,131 hectares), was acquired in fall 2009 from Kiska; the property is in the Fairbanks-Goodpaster mining districts, just 60 km from the Pogo Gold Mine to the east.

### **New Properties - Arizona**

Acquisition of three porphyry copper prospects in Arizona was completed in January 2009, the **Galiuro**, **San Jose** and **Dry Mountain** properties, all favourably situated in historically prolific copper-producing trends in southeast Arizona.

### **New Partnerships**

Millrock adhered strictly to its project-generator business model by attracting joint venture partners to underwrite the exploration of its properties. During the 2009 year, and in the subsequent months of 2010 prior to filing, Millrock was successful in securing partners for five of its projects: **Valdez Gold Inc.** ("Valdez") at Bluff; **Kinross Gold Corporation** ("Kinross") at Council; **Vale Exploration Canada Inc.** ("Vale") at Galiuro; and **Inmet Mining Corporation** ("Inmet") at San Jose and Dry Mountain. This was in addition to the strategic alliance forged with **Altius Resources Inc.** ("Altius"). The strategic alliance provided Millrock with funding to research, investigate and acquire mineral rights in five specific parts of Alaska.

### **Financings**

During the year 2009, and in subsequent months of 2010 prior to filing, the Company completed financings through private placement of \$3,066,627. As a result Millrock's cash position was \$1,286,846 as at April 26, 2010.

In addition to private placement financing from individuals this financing activity saw **Kinross**, and **Altius** purchase a significant stake in Millrock.

## **Operations Review**

### **Alaska Properties**

Millrock owns and operates eight (8) 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, an operational summary for the year, plans for 2010, 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 (“BSNC”) 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. Soil sampling by BHP showed three large geochemical anomalies with greater than 100 ppb gold spanning an area four km in length. BHP drilled a total of 35 holes in the three target areas and BHP reported an approximate "resource potential" of over 0.5 million ounces of gold contained in three different zones.

Although numerous attractive drill targets were identified for testing, 2009 saw limited work at Bluff and no drilling was undertaken due to the unfavourable market conditions. Efforts instead were concentrated on finding a joint venture partner to underwrite the substantial amount of drilling warranted. Late in the year an agreement was struck with **Valdez Gold** whereby Valdez can 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; Valdez 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 1.1 million in shares. Millrock may earn back 25% to form a 50-50 joint venture by doubling Valdez Gold’s investment.

As operator, Millrock has designed a comprehensive exploration program for 2010 to include 4,500 m of reverse circulation drilling; trenching; expanded geochemical survey coverage; 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 mineral holdings – 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 (Council) 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 (Albion), and 3) by staking state mining claims (Warm Creek). 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.

There are several types of placer gold occurrences in the Council area. The productive creek deposits were typical alluvial placers. On Ophir Creek, there were also bench deposits which may have had their origin in sea level fluctuations similar to the placer deposits at Nome and Solomon. There are also residual placer deposits. Geochemical sampling of the soil and vegetation in the

hills adjacent to Ophir Creek, where much of the placer gold has been found, has produced anomalous results and there appears good potential to find the bedrock source in these hills.

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 December 2009, Millrock announced an agreement with **Kinross** 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 provided for a private placement of \$250,000.

Millrock as operator has planned along with Kinross a US\$750,000 program for 2010 to include up to 2,500 m of drilling to test for hard-rock gold deposits in the uplands surrounding the historic placer workings. The program also calls for soil geochemical surveys.

### **DIVIDE PROPERTY, Seward Peninsula**

This property, a 1,424 hectare claim block located about 45 km north of Nome, was the subject of extensive exploration work by the company in partnership with Alix Resources since 2007 and 2008. Limited work was conducted in 2009. Though some significant discoveries were made it was concluded that there was limited potential for discovery of a multi-million ounce gold deposit and given that cash payments to maintain the property were becoming onerous, the exploration agreement with Alix was terminated.

### **ESTELLE PROPERTY, Kahiltna Terrane**

The Estelle property, located 160 km northwest of Anchorage Alaska, consists of 214 claims covering 13,157 hectares. The property, purchased by Millrock in 2009, subject to a 3.0% royalty, is in the heart of the Kahiltna Terrane, a regional rock assemblage that is host to at least one known world-class mineral copper-gold deposit -- Pebble. Located roughly 200 km to the south Northern Dynasty/Anglo American's giant Pebble copper-gold-molybdenum-silver deposit, is reported to contain resources totalling 107.4 million ounces of gold, 80.6 billion pounds of copper and 5.6 billion pounds of molybdenum. Adjacent to the east of Estelle is Kiska Metals' Whistler copper-gold deposit, with a reported resource totalling over five million ounces of gold equivalent.

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.

## **ST. EUGENE & MONTE CRISTO PROPERTIES, Kahiltna Terrane**

These two new properties were staked as part of Millrock's 2009 Kahiltna prospecting program which produced a number of exciting surface gold and copper discoveries. As part of the Millrock-Altius strategic alliance in this regional reconnaissance effort, Altius elected to form a 50-50 joint venture with Millrock on the exploration of St. Eugene and Monte Cristo.

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. Rock samples with values of over 2.2 g/t gold and 1.0% copper were found in talus on both sides of a glacier-filled valley spanning 1.2 km. The average of 13 samples was 0.54 g/t gold and 0.27% copper. Soil samples ranged up to 200 ppb gold and averaged 67 ppb gold from 20 samples.

As fellow project generators, Millrock and Altius are looking for another mining company to option these properties and help underwrite the substantial 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**

Revelation was the third property staked as part of the 2009 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 is 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 payment of US\$2.0 million will be made to Mr. Booth 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.

Unless a joint venture partner is secured before the summer field season, 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 three 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.

Should a partner be secured, 2010 exploration plans entail Millrock drill testing along strike from the better drill intersections, as well as the soil anomalies that have not been evaluated. Subject to funding, additional soil sampling will also be conducted.

### **FORTY MILE 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, a 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 Kennecott on favourable terms which was analyzed in depth using Geographic Information System mineral potential modeling techniques. Numerous new drill targets emerged from this work. Millrock seeks a joint venture partner to finance the more extensive exploration and drilling the property warrants.

For 2010 Millrock plans more stream sediment sampling and detailed surface sampling to better define existing anomalies. Rock sampling, geophysics and drilling will follow up on the surface sampling programs should a working partner be secured.

## **Arizona Properties**

Millrock owns and operates three (3) Arizona projects. Each are under option to major mining companies and in well-established porphyry copper trends of southeastern Arizona. Exploration is focused on the discovery of large production-scale copper deposits. Following are project overviews of the Company's Galiuro, San Jose and Dry Mountain properties, as well as details of 2009 work, planned work for 2010, and 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 potential ore 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 was announced whereby Vale may expend up to US\$3.5 million and make cash payment 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 successful 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. Vale has renewed their option for 2010 and has indicated their intention to finance a drilling and exploration program of minimum US\$750,000 value.

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

The San Jose and Dry Mountain properties, 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 and 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 discovery of large-scale porphyry copper deposits.

During 2009, Millrock searched for a major partner to fund the extensive exploration required for these highly prospective claims. As a result, in early 2010 Millrock announced an Option to Joint Venture Agreement with Inmet for the exploration of the San Jose and the nearby Dry Mountain property. The agreement gives Inmet the opportunity to earn a 70% interest in the two claim

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

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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 is US\$50,000. Millrock will be the exploration operator for the first year of exploration and thereafter at Inmet's discretion.

Inmet has agreed to a spring 2010 field program of geophysical surveys to refine drill targets with drilling to follow as early as fall 2010.

### **Selected Annual Information**

Selected annual information from the audited financial statements for the years ended December 31, 2009, 2008 and 2007.

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total revenue	Nil	Nil	Nil
Loss before other items	\$ (1,257,056)	\$ (1,027,296)	(976,346)
Net loss for the year	(2,003,016)	(1,254,772)	(1,510,753)
Basic loss per share	(0.050)	(0.050)	(0.120)
Diluted loss per share	(0.050)	(0.050)	(0.120)
Total assets	6,068,223	4,660,236	2,538,560
Total long-term liabilities	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil

### **Financial Results for the Year ended December 31, 2009**

The Company had no revenues for the year ended December 31, 2009 and the loss from its operation totals \$2,003,016, as compared to its \$1,254,772 loss of 2008. This mainly resulted from the increase in non-cash stock based compensation, written-off mineral properties and an increase in costs relating to investor relations.

General & administrative expenses for the year ended December 31, 2009 total \$1,257,056. The four largest expense items are consulting fees of \$240,789, stock-based compensation of \$263,210, investor relations fees of \$226,852 and accounting and auditing fees of \$95,646. These items comprise approximately 66% of the total general and administrative expenses of the Company.

Consulting expenses account for \$240,789, or approximately 19%, of the total general and administrative expenses for 2009, which include the consulting service rendered from the CEO, CFO, corporate secretary and other service providers. The consulting expense for 2008 was \$238,333.

Stock based compensation expenses account for \$263,210, or approximately 21%, of the Company's loss in 2009. This expense reflects the use of fair market value based accounting for

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

all stock options in accordance with the recommendation of CICA Handbook Section 3870. During 2009, a total of 1,825,000 stock options were granted, of which 1,750,000 vested immediately and 75,000 are to be vested during 2010.

Investor relations expenses amount to \$226,852, representing 18% of the general and administrative expenses, which includes consulting fees, conference registrations and related travel expenses. The investor relations expense for 2008 was \$157,289. The increase in costs was related to an increase in promotional activity undertaken by the Company.

Accounting and auditing amount to \$95,646, or approximately 8%, of the total general and administrative expenses. The accounting and auditing expense for 2008 was \$130,374. The decrease in costs was due to a decrease in accounting fees, the resignation of the previous CFO, and a reduction in auditing fees for the year.

### Summary of Quarterly Results

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

	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	Mar. 31 2008 Q1
Mineral expenditures	\$ (337,437)	\$ 703,707	\$ 160,396	\$ 484,378	\$ 706,151	\$ 1,745,245	\$ 582,564	\$ 391,047
G&A expense (including stock comp.)	610,710	(19,018)	440,800	224,564	296,929	180,899	336,207	213,261
Stock comp. expense	154,151	2,964	104,946	1,149	134,715	13,954	57,557	13,954
Adjusted G&A (excluding stock comp.)	456,559	(21,981)	335,853	223,416	162,214	166,945	278,650	199,307
Mineral properties write-off	741,400	-	1	255	189,392	1,078	-	85,980
Net Income/(loss)	(1,353,701)	21,349	(441,640)	(229,023)	(474,786)	(169,140)	-318,218	-292,628
Loss per share	\$ (0.05)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02

### Liquidity

As of December 31, 2009, the Company has accumulated a deficit of \$9,402,880 and working capital of \$1,378,788.

In October, 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, 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 year 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.

These private placements, with proceeds totalling \$2,816,627 for the year end December 31, 2009 and \$250,000 subsequent to the year end, substantially strengthened the company's cash position

which stood at \$1,286,846 as at April 26, 2010. 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 and maintenance of projects for which no earn-in partner has yet been secured.

The Company in 2009 did not have revenue except from interest earned from term deposits at banks. 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. However, no management fees were received during the year ended December 31, 2009, but will begin during the field season of 2010.

### **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.

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.

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:

	<b>Share Issuance</b>	<b>Cash Payment</b>	<b>Work Commitment</b>
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	\$US60,000	US\$300,000
November 1, 2012	250,000	\$US60,000	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:**

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 is 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.)

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**

<b>Year</b>	<b>Cash Payment (USD)</b>	<b>Shares to Be Issued</b>	<b>Work Commitment (USD)</b>
<b>2010</b>	150,000	495,000	1,400,000
<b>2011</b>	284,110	595,000	2,800,000
<b>2012</b>	395,480	595,000	2,750,000
<b>2013</b>	86,850	45,000	1,200,000
<b>2014</b>	68,220	0	0
<b>2015</b>	113,700	0	0
<b>2016</b>	113,700	0	0
<b>2017</b>	113,700	0	0
	<b>\$ 916,440</b>	<b>1,730,000</b>	<b>\$ 8,150,000</b>

**Joint Venture Partnerships**

The Company in the past year 2009, and in the subsequent months prior to filing, 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, VEC committed to funding a minimum of US\$250,000 in exploration programs on Galiuro prior to December 31, 2009 and may elect to fund a further US\$250,000 prior to December 31, 2009 and a further US\$3,000,000 over the subsequent three years through to December 31, 2012. VEC has also made a cash payment of totaling US\$200,000 and may elect to make additional cash payments totaling US\$650,000 over 2011 and 2012 years to earn the option to acquire 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. VEC 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 year 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. will 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.

Summary of all Property Joint Venture option payments and work commitments:

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

<b>Year</b>	<b>Cash Payment (USD)</b>	<b>Work Commitment (USD)</b>
<b>2010</b>	440,000	2,250,000
<b>2011</b>	465,000	5,250,000
<b>2012</b>	665,000	5,500,000
<b>2013</b>	150,000	1,000,000
<b>2014</b>	200,000	1,000,000
<b>2015</b>	250,000	1,000,000
<b>2016</b>	0	0
<b>2017</b>	0	0
	<b>\$ 2,170,000</b>	<b>16,000,000</b>

**Related Party Transactions**

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

	<b>Years Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Accounting	\$ 28,790	\$ 64,741
Consulting fee	327,571	340,283
Mineral Properties-Geological Consulting	-	389,607
Directors' fee	8,000	-
	<b>\$ 364,361</b>	<b>\$ 794,631</b>

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

- (a) As of December 31, 2009, the amount due from related parties includes \$1,825 advanced to a director for travel expense. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

**Financial Results for the Fourth Quarter Ended December 31, 2009**

The Company's loss for the quarter ended December 31, 2009 totalled \$1,353,701, as compared to a \$474,786 loss for the quarter ended December 31, 2008. Compared to the third quarter of 2009, total general & administrative costs increased by \$478,540. This resulted mainly from the increase in non-cash stock based compensation of \$263,210 as the Company granted more options, and a foreign exchange loss of \$12,616 compared to a foreign exchange gain of \$266,245 during the quarter ending September 30, 2009.

## **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**

The Company is in the process of establishing a changeover plan to adopt IFRS by 2011 and has started assessing accounting policy choices and elections that are allowed under IFRS. The Company is also assessing the impact of the conversion on its business activities, including the effect on information technology and data systems, internal controls over financial reporting and

disclosure controls. The changeover plan will continually be reviewed and adjusted to ensure its implementation process properly addresses the key elements of the plan.

### **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.

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

**(b) Issued and outstanding common shares**

Description		Date	Number of Shares	Share Capital	Contributed Surplus
<b>Balance, December 31, 2006</b>			<b>10,710,468</b>	<b>5,021,793</b>	-
Issued for cash pursuant to					
Private placements			7,211,111	3,245,000	-
Exercise of warrants			408,000	40,800	-
Issued for mineral properties			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
<b>Balance December 31, 2007</b>			<b>18,201,939</b>	<b>\$ 8,134,747</b>	<b>\$ 492,932</b>
Issued for cash pursuant to					
Private placements			11,001,000	2,750,250	
Issued for mineral properties			950,000	327,500	
Issued for finder's fees			58,940	14,735	
Share issue costs				(304,440)	102,115
Stock based compensation					220,179
<b>Balance December 31, 2008</b>			<b>30,211,879</b>	<b>\$ 10,922,792</b>	<b>\$ 815,226</b>
Issued for cash pursuant to					
Private placements					
	Kinross Gold @\$0.16	04-Jun-09	2,187,500	350,000	
	Altius Resource @\$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 Strait @ \$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 Pty @ \$0.20(K)	02-Nov-09	250,000.00	50,000	
	BSNC Exp1 Agmt @ \$0.20(C	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
<b>Balance December 31, 2009</b>			<b>46,818,744</b>	<b>\$ 13,981,072</b>	<b>\$ 1,146,633</b>

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.

### **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

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

consultants. As of April 26, 2010, the Company has 891,874 stock options available for future issuance under the plan. Stock option transactions are summarized as follows:

	Shares	Weighted Average Exercise Price
<b>Outstanding at December 31, 2007</b>	<b>1,485,000</b>	<b>\$ 0.46</b>
Canceled on Oct 10, 2008	(150,000)	\$ 0.45
Canceled on Oct 10, 2008	(125,000)	\$ 0.25
<b>Outstanding at December 31, 2008</b>	<b>2,240,000</b>	<b>\$ 0.38</b>
Granted on May 8, 2009	750,000	\$ 0.18
Canceled on May 31, 2009	(50,000)	\$ 0.55
Canceled on May 31, 2009	(50,000)	\$ 0.56
Canceled on May 31, 2009	(100,000)	\$ 0.36
Canceled on May 31, 2009	(75,000)	\$ 0.25
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
<b>Outstanding at December 31, 2009</b>	<b>3,790,000</b>	<b>\$ 0.30</b>
<b>Exercisable at December 31, 2009</b>	<b>3,581,667</b>	<b>\$ 0.31</b>

The following table summarizes the Company's outstanding options as of April 26, 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
<b>3,790,000</b>		

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

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

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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 April 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 \$ 0.36.

**MILLROCK RESOURCES INC.**  
**Management Discussion and Analysis**  
**For the Years Ended December 31 2009 and 2008**

	Number of Shares	Exercise Price	Expiry Date
<b>Outstanding at December 31, 2006</b>	<b>408,000</b>	<b>\$ 0.10</b>	
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
<b>Outstanding at December 31, 2007</b>	<b>3,900,584</b>		
Issued on May 26, 2008	5,500,500	\$ 0.50	26-May-09
		\$ 0.75	26-May-10
Issued on May 26, 2008	562,450	\$ 0.25	26-May-09
Agent warrants expired, Aug 07, 2007	-137,667	\$ 0.45	7-Aug-08
Agent warrants expired, Nov 02, 2008	-157,360	\$ 0.45	2-Nov-08
<b>Outstanding at December 31, 2008</b>	<b>9,668,507</b>		
Expired - Issued on May 26, 2008	-562,450	\$ 0.25	26-May-09
Issued on June 4, 2009 Kinross	1,093,750	\$ 0.21	4-Jun-11
Issued on June 14, 2009 Altius Resources Inc.	4,227,273	\$ 0.30	15-Jun-10
Expired - Issued on August 7, 2007	-1,250,002	\$ 1.00	7-Aug-09
Issued on September 17, 2009 for private placement (Tranche 1)	2,637,500	\$ 0.30	17-Mar-11
Agent warrants issued, finders' fee for private placement, Sep 1	360,000	\$ 0.30	17-Sep-10
Issued on October 5, 2009 for private placement (Tranche 2)	793,750	\$ 0.30	5-Apr-11
Agent warrants issued, finders' fee for private placement, Oct 5.	127,000	\$ 0.30	5-Oct-10
Issued on October 21, 2009 for private placement (Tranche 3)	712,500	\$ 0.30	21-Apr-11
Agent warrants issued, finders' fee for private placement, Oct 2	100,000	\$ 0.30	21-Oct-10
Expired - Issued on Nov 2, 2007	-2,355,555	\$ 1.00	2-Nov-09
<b>Outstanding at December 31, 2009</b>	<b>15,552,273</b>		

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*

Darryl Cardey, CA  
*Director*

**LISTINGS**

TSX Venture Exchange: **MRO**

**CAPITALIZATION**

(as at April 26, 2010)

Shares Authorized: Unlimited  
Shares Issued: 47,704,786

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