

• ALASKA

# Majors discover value in Millrock

*Junior uses investments to expand portfolio of Alaska gold properties; restricts exploration focus to prospect for giant deposits*

By SHANE LASLEY  
Mining News

**B**uilt on a project generator model, Millrock Resources Inc. has teamed up with Kinross Gold Corp., Altius Resources Inc. and Vale Exploration Canada to seek out and explore new large gold and copper projects in Alaska and Arizona during a tough financial market.

"Millrock continues to march steadily forward, meeting corporate milestones in a timely manner despite challenging market conditions," Millrock President and CEO Gregory Beischer said. "The company has acquired an excellent project portfolio, built an outstanding technical team, established itself as a strong project generator company, and continues to form partnerships with major mining companies."

## Key investments

Kinross Gold Corp. and Altius Resources Inc. made key investments in Millrock in 2009. Paying a premium to the junior's share price, the combined C\$1.28 million cash infusion provided funds for the explorer to generate new gold projects in Alaska.

Kinross spent C\$350,000 in May to purchase around a 5.5 percent interest, a modest

premium to Millrock's share price, in the Alaska explorer. The Fort Knox gold mine owner can increase its stake in the junior to more than 9 percent if it chooses to exercise the warrants that went with the deal.

The win-win investment, which added funds to the junior's coffers and bolstered the explorer's stock price in a tough investment market, provides Kinross an ownership position in the explorer's growing gold portfolio.

"That gives them a sort of an inside edge on anything that Millrock may discover. Automatically they would own 10 percent of it by virtue of their ownership in our company," Beischer told Mining News. "To me it is the start of a good relationship. They will be looking at projects we already have and others that we might develop."

Following Kinross' lead, Altius, a project generator and royalty business, invested C\$930,000 into Millrock in June. Paying about a 33 percent premium the Newfoundland-Labrador-based company purchased nearly an 11 percent interest in the Alaska explorer.

The two companies, which share a similar business model, have forged a strategic alliance in five specific "areas of interest" in Alaska. Using funds supplied by Altius, Millrock is seeking out new gold prospects

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## ALASKA

### Reclamation draws 200 to Yellowknife

About 100 scientists, engineers, and regulators attended the 2009 Northern Latitudes Mining Reclamation Workshop held in Yellowknife, Northwest Territories, Sept. 8-11. Presenters delivered 22 professional papers during the two-day workshop, and participants also took field trips to the Snap Lake diamond mine and the now-dormant Giant and Con gold mines, which once were the heartbeat of Yellowknife.

The capital of Northwest Territories was a fitting location for the workshop, since the two large gold mines that once dominated life in this northern community of nearly 20,000, are now undergoing reclamation and closure that present significant environmental and engineering challenges.

The community wishes to see the head-frame for the distinctive Con mine remain, since it is virtually an icon for Yellowknife. The reclamation and closure challenges also present some opportunities for the community. For example, geothermal heat from the Con mine may be used to heat the downtown area, thereby reducing the need for expensive heating oil.

Canada's Department of Indian and Northern Affairs, which is charged with overseeing many of the country's reclamation projects, has budgeted some C\$3.5 billion for its efforts to cover legacy sites in Northwest Territories, Yukon Territory, and Nunavut. Legacy sites include various mineral producers, including uranium at Port Radium, lead and zinc at Pine Point and gold at the Colomac mine.

Workshop attendees heard presentations on a variety of subjects, including reclamation case studies, the contaminated sites program of the Department of Indian and Northern Affairs Canada, and a series of papers on the "reclamation tool box." Topics ranged from the inclusion of the traditional knowledge of indigenous groups in planning reclamation programs to an overview of the characteristics and potential beneficial use of mine pit lakes. The Pebble Partnership, which is focused on developing the mammoth Pebble copper-gold-molybdenum deposit in Southwest Alaska, presented a paper on ways to protect the tundra from damage during exploration drilling activities.

The Northern Latitudes Reclamation group is an ad hoc association for individuals, governments and companies involved with mine reclamation and closure with emphasis on northern mines. It first met in 2001 in Whitehorse, and workshops are held every two years. Alaska will host the next workshop in 2011.

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## MILLROCK

in these designated areas. Altius will receive a 1 percent royalty on gold projects and a one-half percent royalty on base metal projects generated by the strategic alliance.

"We come up with the ideas; we do the initial ground work and if we like what we see in the field, we will stake claims. At that point, we will take the project to other companies and have them earn an interest by paying for the exploration," Beischer explained.

Altius, which now has CS157 million in treasury and liquid investments, built its project generator and royalty business during the bear market of the late 1990s. The company is now positioning itself to take advantage of another financial downturn.

"They (Altius), like us, anticipate that there is going to be a real surge in the price of gold, and that is going to create a great deal of opportunity for project generator companies," Beischer said.

### Two zones at Estelle

Though Millrock's primary focus in 2009 has been to accumulate new gold projects, it also explored the Estelle high-grade gold property in Alaska's Rainy Pass district, about 160 kilometers, or 100 miles, northwest of Anchorage.

"Estelle is where we see the potential for the gigantic multimillion-ounce deposit. It has a lot of the earmarks of Donlin Creek. All the right check marks that go along with the things you look for in a giant deposit are present," Beischer said.

Millrock Vice President of Exploration Phil St. George has a knack for discovering big mineral systems. The geologist was involved with the discovery of the Pebble copper-gold-molybdenum deposit in Southwest Alaska, while working with Teck Cominco early in his career. Later, as vice president of exploration at NovaGold Resources Inc. he made key discoveries that increased the size and grade of the world-class Donlin Creek gold deposit in the Yukon-Kuskokwim region of Southwest Alaska.

The work completed at Shoeshine in 2008 outlined an anomalous zone, measuring about 300 meters by a kilometer. The average grade of 49 samples taken from Shoeshine is 0.585 g/t gold. The company reports that one sample of porphyry rock cut by sheeted quartz veinlets assayed 13.13 g/t



MILLROCK RESOURCES INC.

Millrock President and CEO Greg Beischer investigates evidence of intrusive-related gold occurrences at Estelle. The Millrock president said the 2009 exploration at Estelle has found the bedrock source of the gold-bearing talus and the junior sent geologists back to the property in September to sample and map the outcrops.

gold. Numerous talus samples assaying in the 3 g/t to 5 g/t range also were collected.

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

Following up on indications of intrusive-hosted gold occurrences at Estelle, geologists returned to find the source of the widespread hydrothermal alteration and abundant high-grade vein-style gold discovered in the talus fines and rocks at Shoeshine and Oxide Ridge.

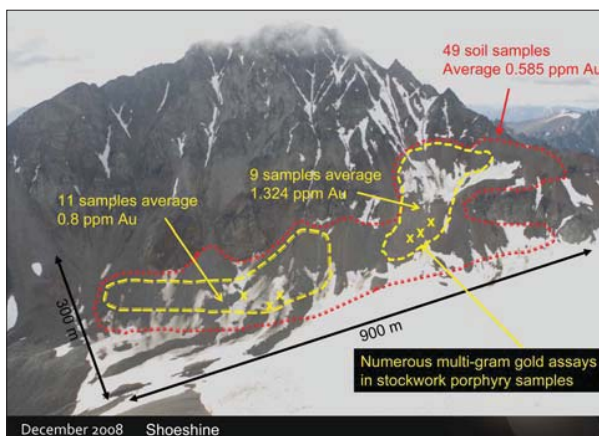
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### Arizona for the winter

When the cold, dark months of winter descend on Alaska and a blanket of snow covers Millrock's Alaska prospects, the junior will shift its focus to three high-grade porphyry copper-gold-molybdenum deposits in southeastern Arizona.

"It was stunning to find such exciting targets available for staking in such close proximity, and directly on trend from the Safford and Morenci mining camps," Beischer said. "Arizona is an excellent balance for the seasonality of Millrock's work in Alaska."

In March, Vale Exploration Canada Inc.,



MILLROCK RESOURCES INC.

The 49 talus fines or soil samples collected along the 300-meter-by-900 meter area at the Shoeshine average 0.585 grams per ton gold.

a wholly owned subsidiary of Brazil-based Companhia Vale do Rio Doce, entered in a joint venture agreement with Millrock's Galiuro copper-gold-molybdenum project north of Tucson, Arizona.

"Vale had been looking for copper projects in North America for almost two years and they picked this one first," Beischer said. "And I really like the structure of the deal."

In exchange for cash payments of US\$850,000 and exploration expenditures of US\$3.25 million by the end of 2012, Vale, the second-largest mining company in the world by market capitalization, can earn a 60 percent stake in the giant porphyry deposit. The Brazil-based mining giant can raise its stake to 70 percent by completing a feasibility study.

"Our philosophy is: If we restrict ourselves to looking for giants like porphyry copper-gold or pluton-hosted gold deposits like Donlin Creek, then owning 30 percent of one of those still helps us meet our corporate objective, which is to sell our project or sell our company at some incredible profit," Beischer said.

### Accelerating into 2010

Of Millrock's three remaining gold properties in Alaska, the 6,560-acre Fortymile property in eastern Interior Alaska is the only one that received exploration spending in 2009.

Without work commitments on its two gold properties near Nome, the junior chose to hold off on exploring the Divide property and the large land package it has optioned

from Bering Straits Corp., an Alaska Native regional corporation.

In addition to staking new Alaska gold properties, the Millrock CEO said the company is negotiating joint venture agreements on properties already in the junior's portfolio.

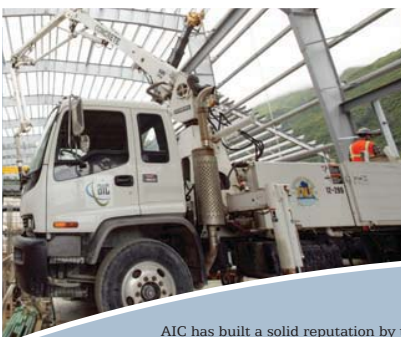
"Millrock already has a solid portfolio of gold projects, but we intend to expand that significantly, and we will make joint ventures with other junior, mid-tier and/or major companies that want to earn into our projects," said Beischer.

In order to protect its own reputation, Millrock will insist on being the joint venture operator on many of its properties.

"In some places in Alaska we would insist on being operator for at least the first three years, particularly on Native corporation lands, because we developed a really good track record and reputation as responsible explorers, respectful of Native land and Native concerns. If another company is going to earn into our project, they have to do it the right way," Beischer explained.

The investments made in Millrock in 2009 helped the junior position itself to take advantage of opportunities when gold prices surged into four digits.

"That is the game plan going into 2010. We have got six core projects that we have started to make joint ventures on. You will see more joint ventures; you'll see more properties staked in 2010, and Millrock will do a great deal of drilling on its projects with the price of gold up over \$1,000," Beischer added. ●



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