

Gold Newsletter

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MILLROCK RESOURCES

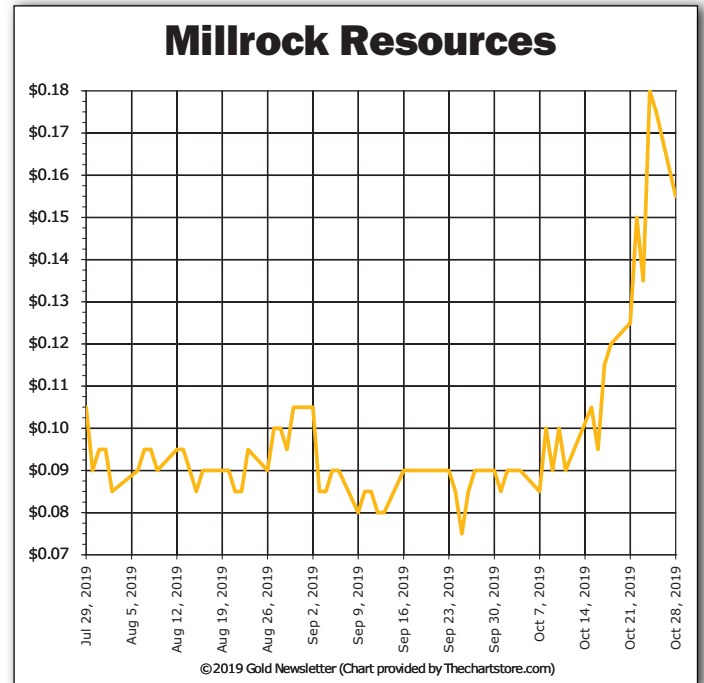
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Earlier this month, Greg Beischer, CEO of our long-standing favorite Millrock Resources, announced a remarkable joint venture deal with an aggressive Aussie explorer.

ASX-listed Northern Cobalt Limited (soon to be renamed Great Northern Metals) agreed to explore Millrock's high-profile Goodpaster gold project in Alaska according to these terms (taken from the news release):

- Millrock has executed a Binding Term Sheet and granted an exclusive legal due diligence period to ASX-listed company Northern Cobalt Limited ("N27") (soon to be renamed Great Northern Metals) concerning its district-scale Goodpaster Gold Project in eastern Alaska.
- Upon successful due diligence, the parties will enter an Option to Joint Venture agreement with pre-determined business terms.
- Initial Year 1 investment of US\$5,000,000 in exploration expenditures to earn 30%.
- Drilling preparations in anticipation of an early 2020 program to begin immediately.
- US\$20,000,000 in exploration expenditures to earn 60% in overall project — 660 square kilometers of mineral rights in Goodpaster Gold District surrounding the Pogo Gold Mine.
- Share payments totaling 38 million N27 shares with an anti-dilution right, and US\$200,000 in cash over the option period.
- N27 may elect one of nine claim blocks for advanced earn-in; free carry to Bankable Feasibility Study to earn 70%, loan carry to Commercial Production to earn an 80% interest in the selected block.
- 100-day legal due diligence period granted in return for US\$500,000 non-refundable exploration advance from Northern Cobalt Limited ("N27").
- Advanced funds to be immediately deployed to prepare for a planned first quarter 2020 drill test of the West Pogo block located immediately adjacent to the Pogo Gold Mine operated by Northern Star Resources Limited.
- Millrock to operate exploration during 2020 in collaboration with N27; 8% of expenditure as operator fee.
- District-scale exploration to advance other emerging targets mandated.

As you can see, that's a sweetheart of a deal.



Frankly, as I told Greg Beischer after I saw the news, I'd wanted Millrock to drill Goodpaster on its own nickel, but would've agreed to a JV half as good as what he was able to negotiate. Yet I would've never imagined at a deal half as good would have been possible.

That Beischer was able to get this done says something about an improving market for metals in general and how hot the mining market is Down Under, but it says a lot more about how exciting the Goodpaster project is.

As Beischer officially commented in the news release, "The planned US\$5,000,000 exploration program for 2020 will provide funds for a thorough test of the compelling drill target we have developed at the West Pogo Block of the project, which is immediately adjacent to the Pogo Gold Mine. N27 shares our view that the Goodpaster Gold District has the potential to become one of the world's great gold mining camps."

What wasn't said in the release is that Northern Star, the Australian operator of the Pogo Mine, has been drilling a major new gold discovery over the past year, and in fact has been drilling right up to Millrock's property line. Moreover, a recent geophysical survey has revealed a high-conductivity anomaly on Millrock's ground directly on strike from Northern Star's discovery.

I had been looking forward to seeing Millrock begin a small drill program on this target in the new year. Now we're going to see a major drill program performed, under a deal in which Millrock can retain a substantial position in the project, and potentially carried through to production.

Millrock's share price has advanced on this news, but not as much as I think it should have. Bottom line, this news makes Millrock a strong buy.

Millrock Resources Inc.

Recent Share Price:.....C\$0.17
 Shares Outstanding:.....95.5 million
 Market Cap:C\$16.2 million
 Shares Outstanding
 Fully Diluted:162.2 million
 Market Cap
 Fully Diluted:C\$27.6 million

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