



Millrock Resources is Vulture Bargain #15

This special email note is to let **Vultures (Got Gold Report Subscribers)** know that we have decided to take advantage of what we see as an “echo of weakness” in the smaller miners (and especially in the explorers) to name our favorite up and coming project generator, **Millrock Resources (TSX:MRO.V or MLRKF)**, as fully fledged **Vulture Bargain #15**. MRO.V closed Thursday, March 22, 2012 at C\$0.28 so that will be our beginning “mark,” but we will be trying to take advantage of any further weakness in the shares to improve upon that entry (so call it \$0.28 or better “OB”).

By *echo of weakness*, we mean that this current bout of Little Guy weakness looks to us like a secondary dip following a really tough 2011.



If right about that, we ought to see the smaller companies firming up very shortly, possibly before March is out. With today's apparent breakdown of the HUI (see the

linked charts on the subscriber pages), and with all the gold and silver indexes under pressure, we realize that might sound a bit Pollyanna ... but, with the single exception of July 2008, typically, HUI breakdowns tend to be short lived, with a vast majority of the damage to the smaller issues having been done prior to the HUI breaking down. We expect this one to be no different looking ahead. We'll see. But in the event that we are wrong about that **our attitude is and has to be that our positioning and timing in our Faves is "as long as it takes."**

We have negative liquidity for gold and silver right now, but it is just a question of time before the focus turns to inflation and preservation of buying power again given the unprecedented monetary inflation that has already been baked into the global economic cake. We think that is a primary reason there has been very little in the way of reductions of metal holdings in the big precious metals ETFs. That hints that Big Money is more likely still buying the dips for gold and silver - so far at least.

Millrock Resources

We know and believe that all Vultures will dig in and do their own full due diligence and so we will just hit a few highlights in this brief. We don't intend to cover everything there is at one sitting in other words.

Millrock has been very good to us in the past, by the way. We still hold some **Trophy Shares** from a previous run with MRO. We have also participated in one previous private placement for the company and, as noted on the chart, we already hold a position in the company. That is true of all fully fledged VB companies.

As many of you know from our past commentary on Millrock, the company is run by Gregory Beischer, whom we have met, spent time with and have high regard for. Millrock's Chief Exploration Officer or CXO, Phil St. George, is the geologist that made the initial discovery (with Cominco) of the huge 100-million ounce Pebble monster gold porphyry deposit in Alaska. He was also part of the team that took Donlin Creek from 2 million to 25 million ounces of gold resources. (Last I checked it was up to about 40 million in all categories if memory serves. **These are people who know how to find the "good stuff" in large quantity and have done it in the past.**)

Project Generating, Elephant Hunting

Greg and his team are early stage prospecting experts and what they do in a nutshell is locate and prospect interesting, high-potential tracts of ground in mineral rich areas. Then they do early stage testing to get those properties to a state where they can offer them up to well-funded joint venture earn-in partners. Then, once the properties have been optioned, Millrock benefits if they and their

J.V. partners are successful in finding the elephant-sized deposits they are gunning for.

Millrock has put together a package of properties that are so enticing, they have attracted partners that anyone would know. Millrock counts companies like **Kinross Gold, Vale, Teck, Altius, Inmet and Crescent Resources** as their partners on projects that answer the “go-big-or-go-home” attitude of these bigger players. Their thirteen current projects are located in politically stable Alaska and Arizona.

We can expect ample news flow for the rest of 2012. While budgets are still being finalized, Millrock says that its JV partners may be spending over \$9 million in exploration this year, with Millrock itself spending close to \$1 million for a total of about \$10 million in exploration for 2012.

We like Millrock’s model, the project generator model, because Millrock’s stakeholders gain exposure to a meaningful portion (usually 25% to 50%) of multiple elephant country projects, with a minimum of shareholder dilution. In fact, CEO Greg Beischer tells us that the Millrock management team, including COO Sarah Whicker and CFO Larry Cooper have managed to get the company into the position of almost being funded by management fees, property payments, etc., and the roughly \$3 million in the treasury now is more than enough to take the company through this year and into the next.

Multiple Kicks at the Discovery Can in 2012

Potential near term catalysts include new drilling this year on multiple projects by well-funded partners, including the [Estelle JV with Teck](#). So far showings there are low grade but long intercepts, [an exciting project to a geo](#). Teck will be trying to find the high grade portion of that potentially very large system. // In Arizona MRO’s partner Inmet is close to releasing results from [drilling there](#). // And Greg says to keep an eye on the [Humble project](#). It has similarities to the giant Pebble project and *Kinross needs a marquee exploration story to trumpet about now*.



Humble Project in Alaska JV'd with a subsidiary of Kinross (Left).

So this year we “ride” with Greg and Millrock while there will almost always be a drill turning somewhere, and any one of those exploration “chances” could be the one that is a sure-enough company maker.

Millrock does need some "help" from the Drill Gods, but our suggestion would be to do some study and see if you agree they have excellent potential for a discovery catalyst this year.

Discovery and drill plays are in the resource doghouse at present and the market has given us a marvelously low priced chance to join ***the right people working the right rocks in the right areas.*** If Millrock keeps drilling holes in good ground using other people's money, we think eventually at least one of these smart companies is going to hit The Big One. We'd like very much to be on board with Greg and his team if and when that day arrives.

Millrock Resources. Click on the chart for a larger view. Use the back button to return to this offering.



Other Stuff

As of this writing we believe there are about 70 mm shares out, 87 mm fully diluted. We'll call the market cap just under \$20 million.

Latest company presentation here:

http://www.millrockresources.com/presentations/corporate_presentation_feb_2012

Volume Candle Chart as of Mid-Day



Start Due Diligence here: <http://www.millrockresources.com/>

Definitely not for everyone. For only strong, patient, adventuresome Vultures looking for high risk-high reward speculation and willing to accept the risks that go along with a discovery play.

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We have very recently been on the bid for Millrock, as we have been disclosing constantly on the linked VBCI chart. We have improved the positioning by doing so and will be updating our revised positioning in the near future. – Not long after we get back from fishing!

Just a reminder: We continue to make new comments directly in the various technical charts on gold, silver, mining shares and the VB and VBCI charts. Feel free to stop by the subscriber pages often.

Web Log notice:

Vultures please log in to the password protected subscriber pages for an important Vulture Bargain Update in which we take advantage of current market weakness to name our latest fully fledged Vulture Bargain issue, VB#15.

That is all; carry on.



Disclosure: The above contains opinion and commentary of the author. Each person should study the issues carefully and, as always, make their own informed decisions. Disclosure: The author and/or his family currently holds a net long position in the following "Vulture Bargain Candidates of Interest" or "Vulture Bargain Stocks" mentioned in this report or within the last year: Timberline Resources (TLR), Paragon Minerals** (PGR.V), Millrock Resources** (MRO.V), Riverstone Resources* (RVS.V), Constantine Metal Resources** (CEM.V), Nothern Tiger Resources (NTR.V), Golden Predator Resources (GPD.TO), Northern Freegold Resources (NFR.V), Aldrin Resources (ALN.V), Lincoln Mining (LMG.V), Arcus Development (ADG.V), Argus Metals (AML.V), Corvus Gold (KOR.TO), Manson Creek Resources (MCK.V), Tarsis Resources (TCC.V), Smash Minerals (SSH.V), Great Panther Silver (GPL), and currently holds various other long and short positions in mining and exploration companies or ETFs.

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Last updated March 21, 2012 *Denotes holding Free Shares or **Trophy Shares only. We have added to some of those positions since going Free shares or Trophy Shares, treating the new positions as new.

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