

**Today's Notes:**

**1. Fire River Drills on the Tintina (Christopher Berry, MBA)**

**1. Fire River Gold Moves To Reignite Gold Production at Nixon Fork**

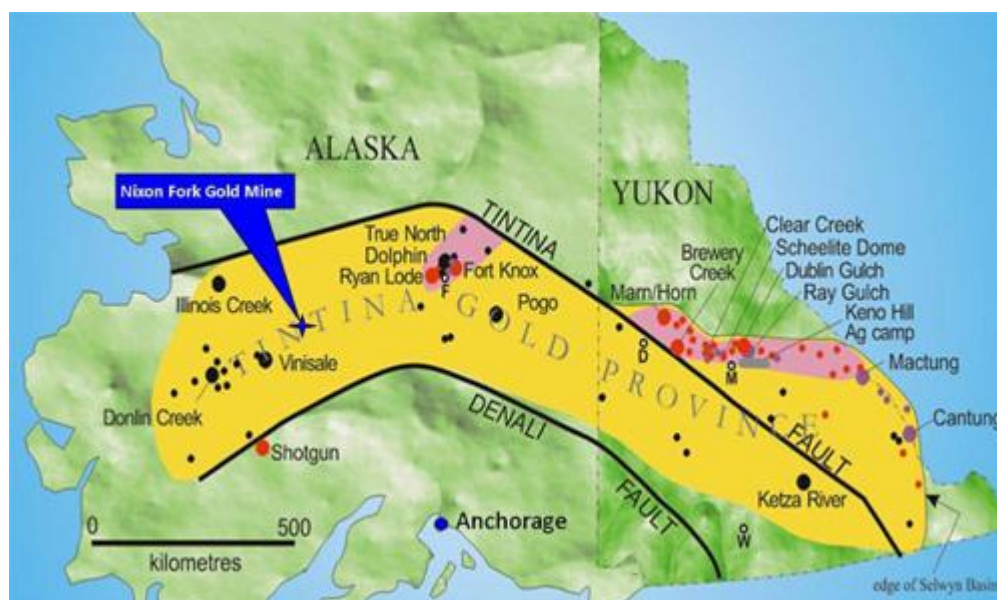
**"You find a mine where there's been a mine."  
Ralph Rooney 1990**

On a recent trip to Alaska to see [Fire River Gold's](#) (FAU: TSXV) Nixon Fork property I asked our bush pilot, a former American Airlines pilot, why he came to Alaska from Texas. His response, "Because you can't chase bears in a Boeing 757."

Having spent time in the Yukon writing about the prolific Tintina Gold Belt, I decided it would make sense to see the "other" side of the Tintina Belt in Alaska. I now understand the pilot's sentiments.

I've recently returned from a trip to Nixon Fork, Fire River Gold's centerpiece property deep in the Alaskan wilderness along with 20 other analysts, journalists, and newsletter writers. We had ample opportunities to talk to company executives and speak separately with Mr. Curt Freeman, the widely respected geologist who knows Alaska better than anybody and is serving as a consultant to Fire River. The prospects for bringing this property back into production are positive.

Based in New York City, absolute solitude is not something you're accustomed to, but the Nixon Fork site, several hundred kilometers from Anchorage beyond the Alaska Range, is as serene as it gets.

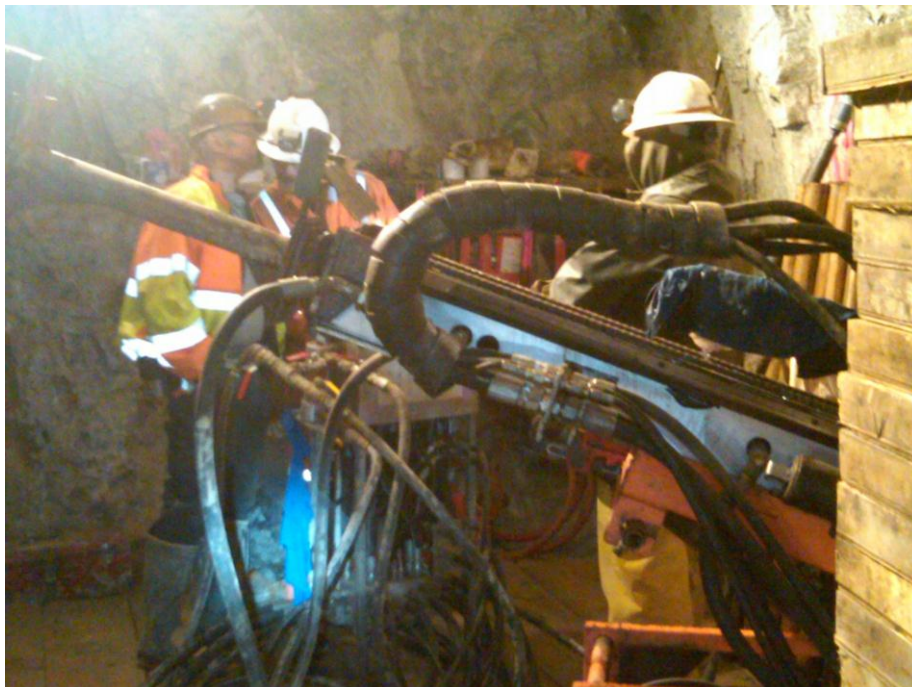


Similarities between Manhattan and Nixon Fork might be hard to come by but one key similarity is infrastructure. Nixon Fork is a previously producing gold mine (over 120,000 oz at an average grade of 42 gpt) operated first by Nevada Gold Fields (1995-1999) and then by St. Andrews (2007-2008) who shut down production due to the global financial crisis. Nixon Fork has in place an 85 person camp, a 200 tpd mill, a 1.2 km-long airstrip long enough to handle a C-130 Hercules, and other necessities to make a gold mining project economic. A new CIL (carbon-in-leach) circuit is currently being installed as well. This infrastructure benefit is a huge plus for Fire River as they move towards production. The company notes that the infrastructure in place at this mine is worth \$150 million.

CEO Harry Barr said he hopes to have the mine in production by next summer which seems achievable given the team and infrastructure in place. Mr. Barr also stated that they will "always be drilling" on the property likely owing to two factors: the company will need to build reserves to increase mine life, and the geology of this deposit is quite complex (skarn hosted gold) and more drilling will help determine its true composition.

Mr. Freeman noted that there has been little or no exploration below the water table. We think additional exploration could increase the tonnage significantly. Only the drill will tell that tale.

Fire River is currently in the midst of a 28,000 meter drilling program, the results of which should be available in a newly-updated NI 43-101 by early 2011. Before that, however, the company is verifying past drill results and will issue an updated 43-101 this fall.



This picture was taken by yours truly in the Crystal mine and shows drillers pulling core to be assayed.

Mr. Barr stated he hopes to produce 40,000 to 50,000 oz Au per year here and to continue finding similar high grade skarn deposits to add to reserves through additional drilling. With CDN \$10,000,000 in the bank and an aggressive 28,000 meter drill program underway, increased ounces should conceivably be forthcoming.

Below is one of three pristine generators at the Nixon Fork site.



Finally we like the story because it is a more mature discovery play. There is definitely a mine at Nixon Fork. Fire River also plans to reprocess 140,000 tonnes of tailings from the previous mine operations. At an 83% recovery rate, this will add significant ounces to the total production at Nixon Fork. Mr. Barr thinks they will recover an additional 30,000 oz from the tailings. This means very significant cash flows for the company. Reserves from these tailings will be included in the updated 43-101 study we mentioned earlier due out by early next year.

Located in a geopolitically stable area and hosting high-grade gold resources, Fire River is a junior miner to keep on your radar. More drilling will help determine the grades and extent of this property. This is the key going forward.

Gold seems to want to levitate above \$1200 per ounce. In this scenario and with the abundant infrastructure (Newmont pays to use the facilities) Nixon Fork is a cash machine for Fire River Gold. Fully diluted there are 86 million shares outstanding. Based on 59 million shares issued and outstanding the current market cap is about \$30 million. If Fire River recovers 30,000 ounces from the tailings pond, as the company estimates, those assets themselves will be worth \$25 to \$30 million.

Fire River is cheap at these levels with good exploration upside and visibility.



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