FORM 51-102F1

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

FOR

FIRE RIVER GOLD CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is Management's assessment of the results and financial condition of Fire River Gold Corp. (the "Company" or "FAU") for the year ended 31 October 2010 and should be read in conjunction with the interim consolidated financial statements and the related notes. The date of this Management Discussion and Analysis is 25 February 2011. Additional information on the Company is available on SEDAR at www.sedar.com.

BUSINESS OF FIRE RIVER GOLD CORP.

Fire River Gold Corp. is a near term production company with a superior technical team focused on bringing its flagship project, the Nixon Fork Gold Mine, back into production within the next 12 months. The Nixon Fork Gold Mine is a fully permitted and bonded gold mine with past production values averaging 39 g/t (1.14 opt). Facilities at the Nixon Fork Gold Mine include a 200+ tpd floatation plant with a gravity gold separation circuit and a sulphide floatation circuit. In 2008, a CIL gold leaching circuit was purchased and approximately 60% installed. The mine also includes a fleet of mining vehicles, a self-contained power plant, maintenance facilities, drilling equipment, an 85 person camp, office facilities and a 1.2 km long landing strip. Nixon Fork is located within Alaska's Tintina Gold Belt, which hosts numerous world class deposits.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Project Overview:

DRAKEN PROPERTY

The first acquisition for the Company was the Draken Project. The property is located in southeast-central Alaska, approximately 288km southeast of Fairbanks, Alaska, and approximately 61km west of the Canadian border.

The property is located in the Yukon-Tanana lithotectonic terrane, a Paleozoic terrane of largely continental affinity. In easternmost Alaska this terrane is bounded by major northwest-trending, dextral strike-slip faults, including the Tintina fault to the north and the Denali fault to the south. The terrane is dissected by a large number of major northeast-trending, high angle faults with significant dip slip displacements which has effectively created a block faulted tectonic regime. This movement has jostled mineral deposits with different metallogenies and other characteristics.

Known mineralization within the Draken property consists of polymetallic sulfide-quartz vein mineralization with anomalous Ag-Au-Bi-As-Cu-Pb-W-U. This type of mineralization is documented at the Silver Lining prospect, located on the west portion of the property, as well as the Two Mile prospect just north of the property. Host rocks for the polymetallic veins dominantly consist of massive hornblende-biotite quartz monzonite. Government geologists have documented porphyry style Cu-Mo-Au mineralization at the Two Mile prospect and other occurrences nearby (Singer and others, 1976). Potential for pegmatite- or vein-hosted U-Th-REE mineralization is also noted. Previous workers conducted a radiometric survey indicating anomalous radioactivity associated with the ring dike zone. A sample collected approximately 200m east of the property and within the ring dike complex contained highly anomalous U-Nb-F-REE.

The Company is seeking joint venture partners to fund the development of this project.

GOLDEN ZONE PROPERTY

On 22 June 2009, the Company signed a Letter Agreement with Hidefield Gold PLC, Hidefield Gold (Alaska) Inc. and Mines Trust Company as Optionors of the Golden Zone Project, whereby the Company will have an option to acquire 100% interest in the Project located in Alaska, USA.

The Golden Zone Project is located 240 km north of Anchorage, Alaska on the south flank of the Alaska Range and is road accessible. In 2009, the Company completed a US$250,000 exploration program which consisted of trenching and mapping that will assay for gold, silver and copper.

In March of 2010 FAU notified its partners that it was not pursuing its option on the Golden Zone Project. There are no outstanding commitments, financial or otherwise, on this project.

KANSAS CREEK GOLD PROJECT

On 19 June 2008, the Company signed an agreement to acquire a 100% interest from Anglo Alaska Gold Corp. (“AAGC”) certain mineral claims referred to as the Kansas Creek Project. In consideration, the Company will pay an aggregate of US$40,000 in instalments (US$20,000 paid, US$20,000 balance payable on the first anniversary) and will also issue an aggregate of 250,000 common shares. The property is subject to a 1.5% net smelter return royalty (“NSR”) of which the Company may purchase 1.0% of the 1.5% NSR from the Vendor in consideration for a cash payment of US$1,000,000 in which case, the Vendor shall retain 0.5% NSR royalty.

The Kansas Creek Project is located in the Bonnifield District of the central Alaska Range in central-interior Alaska approximately 110km south of Fairbanks, Alaska and 70km east of Healy, Alaska. The Project consists of 28 State of Alaska mining claims covering a 16.8 sq. km area. Placer gold was discovered in the district in 1906 and approximately 80,000 ounces of gold have been recovered from alluvial deposits through 2008. The Company’s objective is to explore the project for lode gold potential. A three phase program totalling over US$1.0 million has been recommended. Management is re-evaluating the data on the Project with the objective of outlining a potential Phase I exploration program for 2011. The Company is currently seeking joint venture partners to fund the development of the Kansas Creek project.

NIXON FORK GOLD MINE

On 22 September 2009, the Company finalized the acquisition of 100% interest in the Nixon Fork Gold Mine from Pacific North West Capital Corp. ("PFN") through the purchase of Mystery Creek Resources, Inc, located 56 km northeast of McGrath, Alaska.

Under terms of the Agreement;

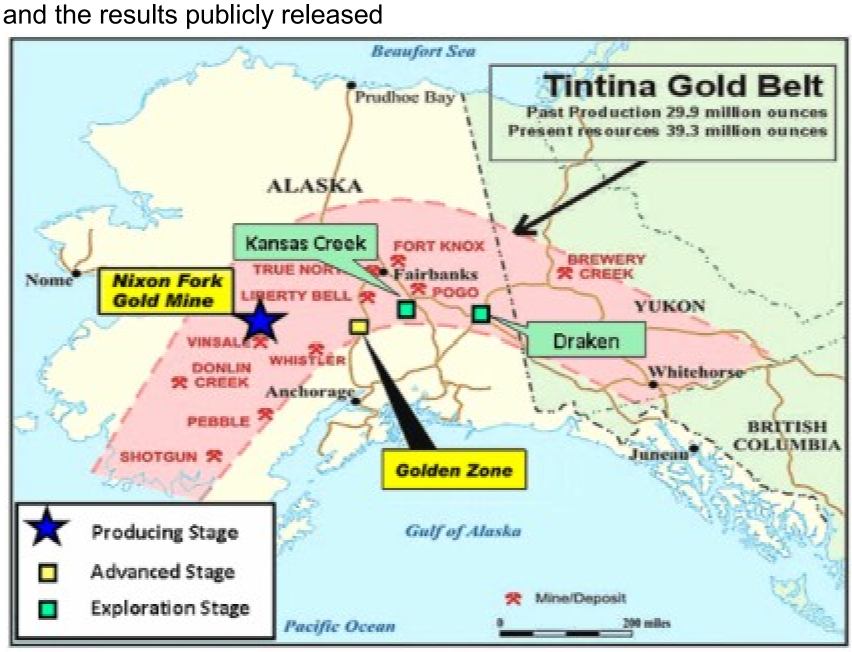
- The Company paid US$50,000 on signing of the letter agreement
- The Company paid further US$450,000 over a six (6) month period
- Issued a total of US$2.5 million in Company’s shares at a deemed price of $0.45 per share. In addition (1) million share purchase warrants at an exercise price of $0.50 for a period of 24 months from the date of issue
- The Company refunded $773,766, expenses incurred by PFN from 1 May until 22 September 2009

As a former high-grade gold mine, the Nixon Fork Gold Mine produced approximately 175,000 ounces of gold at an average grade of 39 grams per tonne (“g/t”) (1.14 opt). This turn-key, mining-milling project is a fully operational mining facility that includes a 200+tpd flotation plant with a gravity gold separation circuit. In 2008, a complete carbon-in-leach (“CIL”) gold recovery circuit was designed and purchased with approximately 60% installed to date. The mine also includes a fleet of mining vehicles, a self-contained diesel power plant, maintenance facilities, drilling equipment, an 85 person camp, office facilities and a 1.2 km long landing strip. Mining and processing operations at Nixon Fork are fully permitted and bonded.

2010 Re-evaluation Program:

The Nixon Fork Gold Mine hosts a skarn deposit with complex geology. Understanding the rock types and structure is paramount to demonstrating the continuity of mineralization. Although we believe the information from the previous operators to be relevant, it is management's objective to re-establish a new geological model and mine plan by completing the following:

- at the mine site, the Company has a team of geologists that are currently re-logging all existing core at site in conjunction with underground mapping of current workings (a component of the re-logging will be to reduce and compile historic rock codes from over 300 to approximately 30)
- approximately 9400 m of drillholes completed in 2007 and 2008 that have been publicly disclosed have been re-logged, re-assayed, and the results publicly released
- management plans to drill up to 28,000 metres (“m”) in 2010/11 in both underground and surface programs
- preliminary economic analysis to be completed by October 2010



From 2004 through 2009 the previous operator spent approximately US$52 million on upgrades to the processing facilities, mine infrastructure, permitting and bonding with only a limited amount of their budget spent on exploration.

FAU plans to use the results of this geological re-evaluation program, subject to financing, to guide a 28,000 m surface/underground drill program planned for 2010/11. An initial resource estimate, scheduled for release late in 2010 will incorporate the results of the re-evaluation program. A second NI 43-101 resource estimate is scheduled for the second quarter of 2011 that will include the results of the 2010/11 drill program.

Surface Exploration Update 2010

As well, the Company has begun a surface drill program to test several development prospects on the property in hopes of establishing additional zones of mineralization.

Re-Evaluation of Tailings Pond

The first operator of the Nixon Fork Mine produced an average head grade of approximately 42 g/t (1.4 opt) and averaged 83% metallurgical recovery. Based on previous engineering and metallurgical studies done on the tailings pond, between 150,000 and 170,000 tonnes of mill tailings are in place (a previous study showed grades between 7 and 9 g/t).

Tailings pond is estimated to contain 92,000 tonnes of indicated resources grading 7.87 g/t (23,300 contained ounces) and 48,000 tonnes of inferred resources grading 7.37 g/t (11,400 contained ounces). This resource was prepared September 27th, 2010 by Giroux Consultants Ltd.

A Preliminary Economic Assessment for leaching historic tailings was performed by George Rawsthorne, P.Eng, who is independent of the Company. The study demonstrates a potentially strong economic benefit to the Company for all cases studied, as shown in Table-1 below. The recommendation of the PEA is Case A, though the availability of suitable used equipment may alter these economics to the point of changing case selection.

Note that this is an incremental analysis, and it is not possible to accurately incorporate taxation in this model independent of other considerations, such as exploration expenses, overhead costs, and taxation credits from historic exploration costs.

Table-1 Summary of Economic Results by Case

	Pre-tax NPV @ 5%			IRR		
Au Price $/oz	$1,000	$1,200	$1,500	$1,000	$1,200	$1,500
Base Case	$1,611	$5,897	$12,327	16%	43%	80%
Case A	**$3,286**	**$7,668**	**$14,241**	**24%**	**48%**	**81%**
Case B	$3,202	$7,584	$14,156	21%	42%	71%
Case C	$3,384	$7,815	$14,463	22%	42%	70%

Case A use an existing thickener after the cyanidation process to recycle cyanide solution and reduce cyanide destruct requirements; install a carbon stripping/ refining circuit to recycle carbon plus an additional leach tank to increase retention time. According to this study selection of Case A can provide $ 3.3 M NPV and 24% IRR at $1000/oz gold price, $ 7.7 M NPV and 48% IRR at $1200/oz gold price and $14.2 M NPV and 81% IRR at $1500/oz gold price.

Ball Mill Clean Up

Approximately 513 kg of material was removed from behind the liners of the ball mill. This material is comprised of ground ore from previous mining operations, steel fragments from liner wear and worn down milling balls. A total of 900.5 ounces of gold was recovered from 373 kg of this material. The remaining 140 kg of material is comprised of steel balls and the coarsest fraction of the mined ore. The gold content in this remaining material is not known at present. An aggregate of $1,130,137 was generated and recovered from this mill clean up program.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for FAU for each of the three most recently completed financial years. The information set forth below was extracted from and should be read in conjunction with the audited consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and related notes.

Years Ended 31 October

	2010	2009	2008
Total revenues	$ 90,287	$ 13,209	$ 16,185
General and administrative expenses	2,627,161	1,249,671	297,498
Mineral property cash costs incurred	4,826,706	443,832	-
Loss before other items in total	(2,627,161)	(1,249,671)	(297,498)
Loss per share – Basic & fully diluted	(0.06)	(0.07)	(0.09)
Net loss from continuing operations in total	(2,448,799)	(808,229)	(281,313)
Comprehensive loss per share – Basic & fully diluted	(0.06)	(0.07)	(0.09)
Totals assets	22,009,859	12,291,127	525,507
Total long term liabilities	3,833,407	4,358,448	Nil
Cash dividends declared	Nil	Nil	Nil

SELECTED QUARTERLY FINANCIAL INFORMATION

The following selected financial information is derived from the unaudited consolidated financial statements of the Company prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

For the Quarters Ended (un-audited)

	31 Oct.	31 Jul.	30 Apr.	31 Jan.	31 Oct.	31 Jul.	30 Apr.	31 Jan.
	2010	2010	2010	2010	2009	2009	2009	2009
Total revenues	$ 102,400	$ 254,564	$ 2,262	$ 22,639	$ 5,789	$ 2,617	$ 1,525	$ 3,278
Net loss	(585,180)	(295,338)	(724,361)	(843,920)	(514,443)	(232,539)	(32,973)	(28,274)
Net loss per share	(0.01)	(0.01)	(0.02)	(0.03)	(0.07)	(0.153)	(0.004)	(0.003)
Total assets	22,009,859	23,014,144	13,834,464	13,925,936	12,291, 127	2,098,602	455,851	524,005

RESULTS OF OPERATIONS

The year ended 31 October 2010 resulted in a net loss of $2,448,799 which compares with a loss of $808,229 for the same period in 2009. General and administrative expenses for the year ended 31 October 2010 were $2,627,161, an increase of $1,377,490 over the same period in 2009. Equity financing through private placements, shareholder relations and promotional activities were undertaken by the Company, which included attendance at various trade shows, cost $71,828 for the year ended 31 October 2010 compared to $32,389 for the same period of 2009. Consulting for the year $579,889 compared to $403,395 in the previous year, increased due to the equity financing through brokered and non-brokered private placements. An aggregate stock-based compensation of $370,873 was recorded as compared to $57,004 in the previous year.

LIQUIDITY AND CAPITAL RESOURCES

At 31 October 2010, the Company's working capital, defined as current assets less current liabilities, was $8,051,140 compared with working capital of $1,642,098 at 31 October 2009.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, determination of fair value on taxes, and share compensation. These estimates are reviewed periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

A detailed summary of all of the Company's significant accounting policies is included in Note 1 of the consolidated financial statements for the year ended 31 October 2010.

FINANCIAL INSTRUMENTS - RECOGNITION AND MEASUREMENT

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transaction. Financial instruments classified as held-for-trading are measured at fair value and unrealized gains and losses are included in the net income in the period in which they arise. The Company has historically measured these instruments at the lower of cost and market value and any unrealized gains or losses have been included in net income.

COMPREHENSIVE INCOME

Section 1530 introduces other comprehensive income (loss). Comprehensive income (loss) includes both net earnings (losses) and other comprehensive income. Other comprehensive income (loss) includes holding gains and losses on available-for-sale investments, gains and losses on certain derivative instruments and any foreign currency gains and losses relating to self-sustaining foreign operations where applicable, all of which are not included in the calculation of net earnings (loss) until realized. The only impact on the Company of adopting these new standards was the recognition of unrealized gains and losses on investments, which has been included as part of shareholders' equity under "Other Comprehensive Loss". As required by the prospective implementation of these new standards, the comparative consolidated financial statements have not been restated.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's consolidated financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and due to related parties. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign exchange, commodity price or interest rate market risks.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

a) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at 31 October 2010, amounts receivable were comprised of Harmonized Sales Tax receivable of $49,026 and interest receivable of $4,426. As a result, credit risk is considered insignificant.

b) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As the Company's financial instruments are substantially comprised of cash and cash equivalents, liquidity risk is considered insignificant.

c) **Currency Risk**

The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has cash and cash equivalents held in US dollars.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following tables provide an indication of the Company's significant foreign currency exposures during the year ended 31 October 2010:

	31 October 2010	**31 October 2009**
Cash and cash equivalents	US$ 3,026,978	US$ 464,390

The Company receives interest revenues denominated in US dollars on the financial assets denominated in US dollars. However, the Company does not currently view this exposure as a significant foreign exchange risk as the amount of revenue is not significant.

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

d) **Interest Risk**

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short period of time, the impact would likely not be significant.

e) **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted standards, IFRS, as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is 1 November 2011, with an effective transition date of 1 November 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which includes consultation with external consulting firms. The Company's approach to the conversion to IFRS includes three phases.

- Phase one, an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS. This phase was completed in late 2009.
- Phase two, an in-depth analysis of the IFRS impact in those areas identified under phase one. During 2010, the Company substantially completed assessing and quantifying IFRS transition adjustments. The Company's auditors are in the process of completing their review of these adjustments. A summary of this analysis is provided in Table 2 below.
- Phase three, the implementation of the conversion process, including the completion of the opening balance sheet as at 1 November 2010 together with related discussion and notes, has commenced. Preliminary drafts of financial statement disclosures have been prepared in order to ensure systems are in place to collect the necessary data; to date no significant changes to current procedures have been identified.

The Company's IT accounting and financial reporting systems are not expected to be significantly impacted.

The above comments, including the summary in Table 2, should not be considered as a complete and final list of the changes that will result from the transition to IFRS as the Company intends to maintain a current and proactive approach based on changes in circumstances and no final determinations have been made. IFRS standards, and the interpretation thereof, are constantly evolving. As a result, the Company expects there may be new or revised IFRS accounting standards prior to the issuance of its first IFRS financial statements. The Company is continuing to monitor IFRS accounting developments and updates and will assess their impact in the course of its transition process to IFRS.**Table 2. Summary of financial statements impact on transition from Canadian GAAP to IFRS.**

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and preliminary conclusions
Property, plant and equipment ("PP&E")	PP&E is recorded at historical cost. Depreciation is based on their useful lives after due estimation of their residual values.	PP&E can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models. Depreciation must be based on the useful lives of each significant component within PP&E.	PP&E will continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis. Based on an analysis of PP&E and its significant components, the Company has determined that no change to their useful lives is warranted and, therefore, depreciation expense will continue to be calculated using the same rates under IFRS.
Mineral properties	Exploration, evaluation and development costs are capitalized when incurred. They are amortized on the basis of production or written off when the prospect is no longer deemed prospective or is abandoned.	IFRS 6 provides the Company with the option of expensing the exploration and evaluation costs as incurred, or deferring these costs until technical feasibility and commercial viability has been determined, at which point they are transferred to the development and production phase and allocated to specific projects.	The existing accounting policy will be maintained.
Asset retirement obligations ("ARO")	Canadian GAAP limits the definition of ARO to legal obligations. ARO is calculated using a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	IFRS defines ARO as legal or constructive obligations. ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates. IFRS requires that, on transition, the net book value of the asset related to ARO be adjusted on the basis of the ARO balance existing at inception.	The broadening of this definition will not cause a significant change in the Company's current estimates. The Company expects to record a transition adjustment. In accordance with IFRIC 1, the effect of any changes to an existing ARO as a result of changes in market interest rates is added to or deducted from the cost of the related asset. The Company will rely on the IFRS 1 exemption which allows a company to use current estimates of future reclamation costs and current amortization rates to determine the net book value on transition to IFRS.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and preliminary conclusions
Impairment of long lived assets	Impairment tests of its long-term assets are considered annually based on indications of impairment.	Impairment tests of “cash generating units” are considered annually in the presence of indications of impairment.	Assets will continue to be grouped under the Company’s various mining operations. Currently, there are no indications of impairment and, therefore, no impairment test has been performed.
Stock-based compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards. The Company recognizes stock-based compensation on straight line method and updates the value of the options for forfeitures as they occur. The Company included stock-based compensation in contributed surplus and previously recognized compensation cost is not reversed if a vested employee stock option expires unexercised.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model). Under IFRS, stock-based compensation is amortized under the graded method only. In addition, the Company is required to update its value of options for each reporting period for expected forfeitures. IFRS does not preclude the Company from recognizing a transfer of compensation costs within equity (i.e. from contributed surplus to deficit) after vesting.	The utilization of fair value models for cash-settled awards will change the estimate of the related liability while the awards remain outstanding and create greater volatility in earnings until the awards are settled. The Company expects to record an IFRS income statement and balance sheet adjustment at 1 November 2010. The Company does not intend to transfer stock-based compensation expense included in contributed surplus to another component of equity.
Income taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and preliminary conclusions
Income taxes *(continued)*	All deferred income tax assets are recognized to the extent that it is "more likely than not" that the deferred income tax assets will be realized.	A deferred tax asset is recognized if it is "probable" that it will be realized.	"Probable" in this context is not defined and does not necessarily mean "more likely than not". However, the Company does not expect this difference to have any impact in the future.

The above assessment and conclusions are based on the analysis completed by the Company as of the date of this report and may be subject to change.

The quantification of the amounts that resulted from the differences between Canadian GAAP and IFRS relating to the key standards are based on management's estimates and decisions, and are subject to further internal review and audit by the Company's external auditors.

RELATED PARTY TRANSACTIONS

During the year ended 31 October 2010, the following related party transactions took place:

During the year ended 31 October 2010, the Company paid or accrued $293,888 to a company related to the Company by way of directors in common for general operating expenses (31 October 2009 – $147,319).

During the year ended 31 October 2010, the Company paid or accrued $72,681 to a company related to the Company by way of management and directors in common for consulting fees (31 October 2009 – $Nil).

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $30,000 (31 October 2009 - $13,125) and rental expenses of $1,769 (31 October 2009 - $Nil) to a company controlled by a director of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $2,979 (31 October 2009 - $12,500) to a company controlled by the former Corporate Secretary.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $7,500 (31 October 2009 - $Nil) to the former Corporate Secretary.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $10,000 (31 October 2009 - $11,529) to a director of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $62,500 (31 October 2009 - $Nil) to a director of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $7,948 (31 October 2009 - $Nil) to a director of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $23,500 (31 October 2009 - $12,500) to the Chief Financial Officer of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $10,000 (31 October 2009 - $10,500) to a company controlled by a director of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $192,169 (31 October 2009 - $Nil) to the Vice President of Mining of the Company.

During the year ended 31 October 2010, the Company paid or accrued consulting fees of $58,775 (31 October 2009 - $Nil) to the Vice President of Business Development of the Company.

During the year ended 31 October 2010, the Company reimbursed $773,766 for exploration expenditures, to Pacific North West Capital Corp. ("PFN") a company related by way of directors in common on signing of the letter agreement for the acquisition of the Nixon Fork Mine from PFN. As part of the acquisition process, the Company also exercised its option to purchase a 100% interest in Mystery Creek Resources, Inc. ("MCR"). MCR's assets include the Nixon Fork Gold Mine, located 56 kilometers northeast of McGrath, Alaska.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at 31 October 2010, there were 59,821,490 outstanding common shares compared to 29,625,151 outstanding shares at 31 October 2009.

Private Placements

On 19 June 2008, the Company issued 4,300,000 common shares of the Company at $0.001 per common share for cash proceeds of $4,300. The fair value of the common shares at the date of issuance was $172,000 ($0.04 per common share). The difference between the cash proceeds received of $4,300 and the fair value of $172,000 is $167,700 and this has been recorded as stock-based compensation expense during the year ended 31 October 2008. The offsetting entry is to share capital.

On 19 June 2008, the Company issued 1,950,000 common shares of the Company at $0.10 per common share for total proceeds of $195,000.

On 19 June 2008, the Company issued 1,580,000 common shares of the Company at $0.20 per common share for total proceeds of $316,000.

On 21 May 2009, the Company completed its IPO of an aggregate of 1,543,100 units at $0.30 for gross proceeds of $462,930. Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase an additional common share of the Company at a price of $0.40 per share until 21 May 2011.

Haywood Securities Inc. ("Haywood") acted as agent in connection with the IPO. In consideration for its services, Haywood received: (i) a cash commission in the amount of $46,293, representing 10% of gross proceeds of the offering; (ii) a work fee of $17,500 plus GST; and (iii) was granted 154,310 non-transferable Agent's Warrants. Each Agent's Warrant entitles the holder to purchase one unit (the "Agent's Unit") exercisable on or before 21 May 2011 at an exercise price of $0.30 per Agent's Unit. Each Agent's Unit consists of one common share and one-half of one share purchase warrant exercisable at a price of $0.40 per share on or before 21 May 2011.

On 27 July 2009, the Company completed the first tranche closing pertaining to its non-brokered private placement and has issued 4,934,044 units at $0.30 per unit for gross proceeds of $1,480,213. Each unit consisted of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of eighteen (18) months from the date of issue at an exercise price of $0.40 per share. In connection with this first tranche closing the Company has paid an aggregate of $41,709 as a finder's fee.

On 16 September 2009, the Company completed the second tranche closing pertaining to its non-brokered private placement and issued 1,973,673 units at $0.30 per unit for gross proceeds of $592,102. Each unit consisted of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of eighteen (18) months from the date of issue at an exercise price of $0.40 per share. In connection with this second tranche closing the Company has paid an aggregate of $22,035 as a finder's fee.

On 29 September 2009, the Company completed the third tranche closing pertaining to its non-brokered private placement and issued 2,464,000 units at $0.30 per unit for gross proceeds of $739,200. Each unit consisted of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of eighteen (18) months from the date of issue at an exercise price of $0.40 per share. In connection with this third tranche closing the Company has paid an aggregate of $49,644 as a finder's fee.

On 22 October 2009, the Company completed the fourth tranche closing pertaining to its non-brokered private placement and issued 3,264,039 units at $0.30 per unit for gross proceeds of $979,212. Each unit consisted of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of eighteen (18) months from the date of issue at an exercise price of $0.40 per share. In connection with this fourth tranche closing the Company has paid an aggregate of $27,385 as a finder's fee.

On 10 November 2009, the Company completed the fifth and final tranche closing pertaining to its non-brokered private placement and issued 438,000 units at $0.30 per unit for gross proceeds of $131,400. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months from the date of issue at an exercise price of $0.40 per share.

On 17 December 2009, the Company completed the first tranche pertaining to its brokered private placements with Loewen, Ondaatje, McCutcheon Limited as lead agent and M Partners Inc. and Macquarie Capital Markets Canada Inc. (collectively the "Agents") and issued 6,000,000 units at $0.50 per unit for gross proceeds of $3,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant, each whole warrant exercisable to acquire one additional common share at a price of $0.75 per common share, for a period of 18 months after the closing date of the private placement, the Agents received a cash commission of $175,880, and were issued an aggregate of 409,700 compensation options, each of which is exercisable into one unit at a price of $0.50 expiring on 21 June 2011. These Units have the same terms as the Units sold under the private placement.

On 18 March 2010, the Company completed the second and final tranche pertaining to its brokered private placements with Loewen, Ondaatje, McCutcheon Limited as lead agent and M Partners Inc. and Macquarie Capital Markets Canada Inc. (collectively the "Agents") and issued 490,000 units at $0.50 per unit for gross proceeds of $245,000. Each unit consisted of one common share and one-half of one common share purchase warrant, each whole warrant exercisable to acquire one additional common share at a price of $0.75 per common share, for a period of 18 months after the closing date of the private placement.

On 11 May 2010, the Company completed the first tranche of its non-brokered private placement and issued 9,063,750 units at $0.40 per unit for gross proceeds of $3,625,500. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months from the date of issue at an exercise price of $0.60 per share. In connection with this first tranche closing the Company has paid in cash an aggregate of $130,675 as a finder's fee.

On 3 June 2010, the Company completed the second and final tranche of its non-brokered private placement and issued 1,518,500 units at $0.40 per unit for gross proceeds of $607,400. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months from the date of issue at an exercise price of $0.60 per share. In connection with this second and final tranche closing the Company has paid in cash an aggregate of $27,570 as a finder's fee.

On 21 July 2010, the Company completed its non-brokered private placement and issued 11,000,000 units at $0.50 per unit for gross proceeds of $5,500,000. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months from the date of issue at an exercise price of $0.75 per share. In connection with this non-brokered private placement closing the Company has paid in cash an aggregate of $204,230 and 26,040 shares valued at $16,666 as finder's fee.

Other

On 19 June 2008, the Company issued 500,000 common shares of the Company valued at $50,000 to acquire a 100% interest in the Draken Property.

On 23 June 2009, the Company issued 200,000 common shares of the Company valued at $75,000 to acquire a 100% interest in the Kansas Creek Gold Project.

On 2 October 2009, the Company issued 6,415,000 common shares of the Company valued at $2,670,750 and issued 1,000,000 share purchase warrants at an exercise price of $0.50 per share valued at $225,670 to acquire 100% of the issued and outstanding common shares of MCR.

On 5 October 2009, the Company issued 500,000 common shares of the Company valued at $200,000 to acquire a 100% interest in the Golden Zone Property.

On 18 December 2009, the Company issued 225,000 share purchase warrants at an exercise price of $0.75 per share valued at $35,125 to acquire 1% Net Smelter Return Royalty related to Nixon Fork Gold Mine from Ambrian Partners Limited.

On 8 April 2010, the Company issued 35,000 common shares of the Company valued at $14,000 to Moody Capital LLC for consulting services.

Exercise of Warrants and Options

During the previous year, 863 Agent's Warrants were exercised at an exercise price of $0.30 per share.

During the previous year, 431 warrants were exercised at an exercise price of $0.40 per share.

During the year, 39,025 Agent's Warrants were exercised at an exercise price of $0.30 per share.

During the year, 1,586,024 warrants were exercised at an exercise price of $0.40 per share.

During the year, no stock options were exercised.

Escrow Shares

A total of 3,612,001 common shares of the Company were held in escrow as at 31 October 2010 (31 October 2009 – 5,418,001 common shares). The common shares held in escrow are subject to time release provision and will be released as follows:

21 November 2010	903,000
21 May 2011	903,000
21 November 2011	903,000
21 May 2012	903,001
	3,612,001

Stock Options

The Company has established a share purchase option plan, as amended on 24 March 2010, whereby the Board may from time to time grant up to 7,215,317 stock options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option will be set by the Board of Directors at the time such option is granted and cannot be less than the closing market price on the TSX Venture Exchange ("TSXV") on the last trading day preceding the grant date, less any allowable discounts that may be permitted under applicable exchange policies.

On 2 October 2009, 2,200,000 options were granted at an exercise price of $0.40 with expiry on 2 October 2014.

On 25 June 2010, a total of 2,720,000 options were granted at an exercise price of $0.55 with expiry on 25 June 2015.

On 17 September 2010, a total of 300,000 options were granted at an exercise price of $0.60 with expiry on 17 September 2015.

On 18 October 2010, a total of 50,000 options were granted at an exercise price of $0.55 with expiry on 18 October 2015.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on the evaluation of the disclosure controls performed to date, the Company is determined to strengthen internal controls over financial reporting.

INTERNAL CONTROLS AND PROCEDURES

Internal controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the Canadian GAAP. As at the end of the year covered by this management's discussion and analysis, management had designed and implemented internal controls and procedures as required by Canadian securities laws.

The Company has evaluated the design of its internal controls and procedures over financial reporting for the year ended 31 October 2010. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management continues to review and refine its internal controls and procedures.

RISKS AND UNCERTAINTIES

The mineral industry is intensely competitive in all its phases. The Company competes with many other companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. Exploration for minerals is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body.

The Company's activities outside of Canada make it subject to foreign currency fluctuations and this may materially affect its financial position and results.

The Company has limited financial resources, no source of operating cash flows and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its projects or to fulfill its obligations under the terms of any option. If the Company's generative exploration programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties.

OUTLOOK

During the year ended 31 October 2010 Fire River raised in excess of $13 million. With the Company now listed for trading on the TSXV, the Company will be well positioned to advance its primary project, the Nixon Fork Mine in Alaska. Global markets are expected to continue improving during 2011 with precious/base metals anticipated to increase in value, positioning the Company to take advantage of its potential to be a near term gold producer which should attract increased investor interest for the Company. The Company will employ the joint venture model for its other Alaskan properties.

SUBSEQUENT EVENTS

18 November 2010, the Company has completed the first tranche of its non-brokered private placement and has issued 12,883,083 units at a price of $0.45 per Unit for gross proceeds of $5,797,387. Each Unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.65 per share for 18 months, subject to an accelerated expiry provision, such that, in the event that the Company's shares close at or above $0.90 per share for 10 consecutive trading days on the TSX Venture Exchange, the expiry date may be accelerated to 30 days. All of the Common shares issued pursuant to this closing carry a legend restricting them from trading until 19 March 2011.

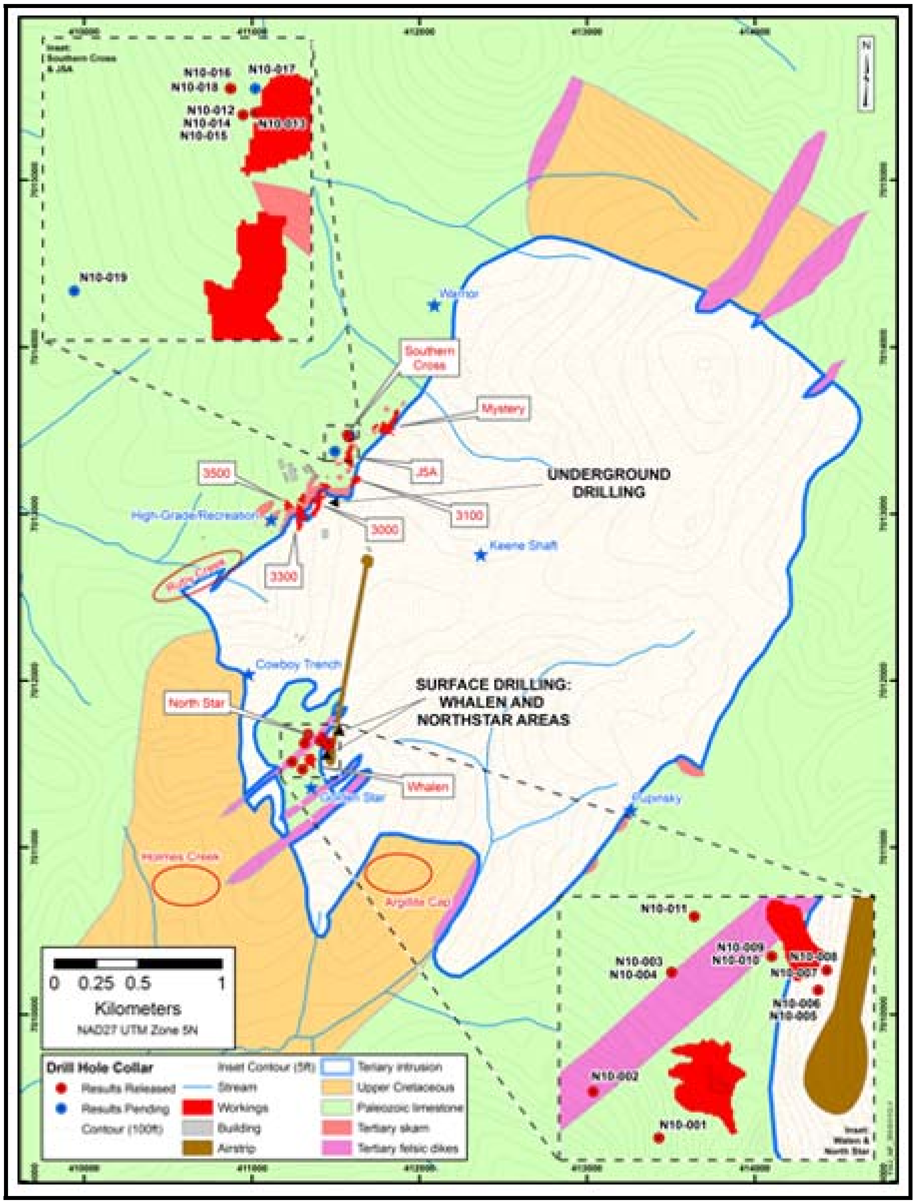
23 November 2010, the Company reported the first results obtained from the 28,000 metre drill program at the Nixon Fork Gold Mine situated in Alaska's Tintina Gold Belt. A total of 6,700 metres have been drilled to date of which 2,400 metres were on surface. The Company has received assay results from 16 of the 19 surface drill holes. New significant intercepts include N10-007 returning grades of 37.0 g/t (1.08 opt) gold over 3.6 m (11.7 ft) including 77.9 g/t (2.27 opt) gold over 1.1 m (3.6 ft) and drill hole N10-015 reported a grade of 27.56 g/t (0.80 opt) gold over 1.4 m (4.6 ft). N10-007 was drilled in the North Star zone which is located approximately 1800 metres from the mill and accessible by road and drill hole N10-015 was drilled at Southern Cross which is located approximately 680 metres from the mill. The Phase I surface drilling program was completed on October 23rd and focused on drill targets with lateral or down plunge extensions of known mineralized zones delineated by historical drilling with a particular focus on targets that exhibited the potential to provide additional resources to the mill.

Three zones were targeted for a total of 19 drill holes: Whelan, North Star and Southern Cross. Four drill holes for a total of 738 metres tested the Whalen, seven drill holes for a total of 767metres tested the North Star and eight drill holes for a total of 906 metres tested the Southern Cross zone. All zones tested during the surface drill program have not been previously been mined in the recent past and continue to demonstrate prospective areas which may provide additional mill feed to the current mine. Assay results are pending for three additional surface drill holes located at the Southern Cross zone as well as the recent 2010 underground drilling. A Phase II surface drilling is anticipated to commence within the early spring of 2011 and will continue the with the Phase I objective of following up on additional targets at the Southern Cross, J5A and Mystery zones not tested within the 2010 program. Additionally, the Phase II surface program will continue to expand the prospective zones delineated by the 2010 surface drill program.

Table-3 below. illustrates a list of significant 2010 Surface Diamond drill assay results. The widths of the intercepts are not necessarily the true width of the mineralized intercept.

Table 3- List of significant 2010 Surface Diamond drill assay results

Hole Number	From (metres)	To (metres)	Length (metres)	Length (Feet)	Au (gpt)	Au (opt)	Ag (gpt)	Ag (opt)	Cu (%)
Whalen									
N10-001	75.2	75.9	0.8	2.6	6.03	0.18	1.00	0.03	0.09
	82.0	**88.0**	**6.0**	**19.7**	**8.11**	**0.24**	**1.01**	**0.03**	**0.04**
including	**82.0**	**83.2**	**1.2**	**3.9**	**25.5**	**0.74**	**1.00**	**0.03**	**0.02**
	113.2	113.5	0.3	1.0	9.06	0.26	3.00	0.09	0.30
N10-003	120.2	124.8	4.7	15.4	4.4	0.13	0.00	0.00	0.00
N10-004	**143.7**	**147.2**	**3.4**	**11.2**	**9.07**	**0.26**	**38.00**	**1.11**	**1.34**
North Star									
N10-006	**57.3**	**62.9**	**5.6**	**18.4**	**8.93**	**0.26**	**4.56**	**0.13**	**0.25**
including	**59.9**	**60.4**	**0.5**	**1.6**	**86**	**2.51**	**28.00**	**0.82**	**1.61**
	131.6	133.0	1.4	4.6	9.69	0.28	1.00	0.03	0.10
	163.3	164.2	0.9	3.0	8	0.23	1.00	0.03	0.00
N10-007	18.7	20.3	1.6	5.2	8.63	0.25	3.00	0.09	0.31
	25.9	**29.5**	**3.6**	**11.8**	**36.98**	**1.08**	**21.39**	**0.62**	**1.85**
including	**26.7**	**27.8**	**1.1**	**3.6**	**77.9**	**2.27**	**6.27**	**0.18**	**0.50**
N10-009	**41.2**	**48.8**	**7.6**	**24.9**	**10.66**	**0.31**	**12.28**	**0.36**	**0.60**
	65.5	66.8	1.4	4.6	9.74	0.28	14.00	0.41	0.47
Southern Cross									
N10-012	32.9	35.9	3.0	9.8	9.93	0.29	13.00	0.38	0.15
	27.7	29.5	1.7	5.6	6.35	0.19	8.00	0.23	0.45
N10-015	**101.0**	**102.4**	**1.4**	**4.6**	**27.56**	**0.80**	**98.76**	**2.88**	**2.59**
N10-018	84.4	86.3	1.9	6.2	5.3	0.15	4.32	0.13	0.24



The deposit is a gold-rich copper silver skarn typical of other skarn systems found throughout the world. At Nixon Fork, the higher grades are found in steeply plunging pipe-like bodies which are oxidized to depths of up to 350 meters below the surface. Oxidization of the system has resulted both in secondary copper and gold, with high grades and a "nuggety" distribution.

24 November 2010, the Company announced that further to the news release dated 21 October 2010, regarding a non-brokered private placement of 15,555,555 units for total proceeds of $7,000,000, the Company increased the financing of the non-brokered private placement to 18,888,888 units for total proceeds of $8,500,000. The increased portion of the private placement will be used for ongoing development work on the Nixon Fork Gold Mine in Alaska and general working capital.

7 December 7 2010, the Company announced that it completed the second tranche of its non-brokered private placement and has issued 2,783,411 units at a price of $0.45 per unit for gross proceeds of $1,252,535 and an aggregate amount of total issuance of 15,666,494 units for gross proceeds of $7,049,922. Each Unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.65 per share for 18 months, subject to an accelerated expiry provision, such that, in the event that the **Leonard Therrien**, P.Eng joined the company in June 2010 as Mine Superintendent (see 8 July 2010 news release) and has recently been promoted to Mine Manager, directing all activities at site. Mr. Therrien is from the Marathon region of Ontario, where he has worked these past 24 years. His last assignment was as Mine Superintendent of Barrick Gold Corporations 800 tpd David Bell Mine, where he managed all aspects of underground production including production and maintenance and managed a total crew of 140 workers. Mr. Therrien is a licensed professional mining engineer with a BSc from the South Dakota School of Mines.Company's shares close at or above $0.90 per share for 10 consecutive trading days on the TSX Venture Exchange; the expiry date may be accelerated to 30 days. All of the Common shares issued pursuant to this closing carry a legend restricting them from trading until 8 April 2011.

14 December 2010, the Company announced the expansion of its management team at the Nixon Fork Mine. Several key personnel were added to oversee construction of the cyanidation plant
during the winter and ready the mine for production next summer.

Leonard Therrien, P.Eng, joined the company in June 2010 as Mine Superintendent (see 8 July 2010 news release) and has recently been promoted to Mine Manager, directing all activities at site. Mr. Therrien is from the Marathon region of Ontario, where he has worked these past 24 years. His last assignment was as Mine Superintendent of Barrick Gold Corporation's 800 tpd David Bell Mine, where he managed all aspects of underground production including production and maintenance and managed a total crew of 140 workers. Mr. Therrien is a licensed professional mining engineer with a BSc from the South Dakota School of Mines.

Bruce Ferguson, P. Eng, has been hired as the Mill Superintendent. Mr. Ferguson has had a blend of operational, construction, and consulting experience in his past. He has over ten years of experience as a mill superintendent and an additional ten years as senior metallurgist, working with such companies as Procon Mining and Tunneling, Antler Peak Gold, Wardrop, North American Tungsten, Kappes Cassidy & Associates, SNC Lavelin, and Echo Bay Minerals. Mr. Ferguson has extensive experience in both the construction and operation of cyanidation plants. He will act as Project Manager for the construction of the Nixon Fork plant then assume responsibility for mill operations. Mr. Ferguson is a licensed professional mill processing engineer with a BASc from University of British Columbia.

Bryan Bishop has been hired as mining engineer to develop the mine plan for the Nixon Fork operation. Mr. Bishop has nearly twenty years of experience designing, evaluating, and planning underground mines for such companies as Century Mining, Denison Mines, Newmont, and Kinross. He has a blend of engineering and hands-on operational experience as an underground miner and mine surveyor. Mr. Bishop has a BS in Mining Engineering from the Montana College of Mineral Science and Technology.

This team will continue to advance the Nixon Fork Mine Project by completing the construction of a 250 tpd cyanidation plant, managing a two-drill 28,000 m drilling program, and preparing the mine for the eventual resumption of underground mining.

On 30 December 2010, the Company completed the third and final tranche of its non-brokered private placement and issued 3,128,514 units at a price of $0.45 per unit for gross proceeds of $1,407,831 and an aggregate amount of total issuance of 18,795,008 units for gross proceeds of $8,457,753. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.65 per share for period of 18 months. All of the common shares issued pursuant to this closing carry a legend restricting them from trading until 1 May 2011.

On 12 January 2011, the Company announced the results obtained from the 2010/2011 28,000 metre drill program at the Nixon Fork Gold Mine situated in Alaska's Tintina Gold Belt. The Company has received assay results of holes 1 through 10 (N10U-001, N10U-009) from the 3100 and 3300 Zone. New significant intercepts include N10U-009 returning grades of 25 g/t (0.73 opt) gold over 3.2 m (10.5 ft) and 12 g/t (0.35 opt) gold over 7.4 m (24.3 ft) in hole N10U-008. A complete list of significant intercepts is provided in Table-4 below. The widths of the intercepts are approximate to the true width of the mineralized intercept. This phase of the underground drill program commenced on the 3100 Zone on the 380 level. This ore shoot was historically mined from the 380 level to just below surface. However, it was not mined from the 380 sill to depth. The Company is encouraged with the initial results from the 2010/2011 drill program, because it is exhibiting the potential to provide additional resources to the mill. A Bazooka Drill is also being employed, drilling short holes for ore definition for the stope that will be mined earliest.

Table 4- Results from holes N10U-001 to N10U-009

Hole Number	From (metres)	To (metres)	Length (metres)	Length (Feet)	Au (gpt)	Au (opt)	Ag (gpt)	Ag (opt)	Cu (%)
Location 3100 zone									
N10U-001	NSI								
N10U-002	65.2	67.8	2.6	8.4	14	0.41	4	0.13	0.32
including	66.2	66.8	0.6	2.0	52	1.52	16	0.47	1.28
N10U-003	76.7	77.7	1.0	3.3	9	0.26	86	2.51	2.99
N10U-004	65.7	66.3	0.7	2.3	2	0.06	11	0.32	0.65
N10U-005	NSI								
N10U-006	79.4	80.2	0.8	2.6	1	0.03	28	0.82	1.50
Location 3300 zone									
N10U-007	NSI								
N10U-008	80.3	87.8	7.4	24.3	12	0.35	1	0.03	0.11
N10U-009	94.3	97.5	3.2	10.5	25	0.73	5	0.15	0.37

On 21 January 2011, the Company announced the results obtained from the 2010/2011 28,000 metre drill program at the Nixon Fork Gold Mine situated in Alaska's Tintina Gold Belt. The Company has received assay results of holes 10 through 25 (N10U-010,, N10U-025) from the 3300, 3500, and 3510 Zones. New significant intercepts include N10U-024 returning grades of 160.5 g/t (4.68 opt) gold over 2.8 m (9.1 ft) and 31.4 g/t (0.92 opt) gold over 1.0 m (3.3 ft) in hole N10U-016. A complete list of significant intercepts is provided in Table 5. The widths of the intercepts are approximate to the true width of the mineralized intercept. This phase of the underground drill program commenced on the 3300 Zone on the 300 level. The Company is once again encouraged with the results from the 2010 drill program, because it is exhibiting the potential to provide additional resources to the mill. The Company has purchased a second underground diamond drill. The two drills are working together to define near term production targets in the upper portion of the mine. Later, the Company plans to have one drill focus on ore definition for production and the second diamond drill for drilling exploration targets.

Table 5-Results from holes N10U-010 to N10U-025

Hole Number	From (metres)	To (metres)	Length (metres)	Length (Feet)	Au (gpt)	Au (opt)	Ag (gpt)	Ag (opt)	Cu (%)
Location 3300 Zone									
N10U-010	86.9	88.4	1.5	4.9	21.0	0.61	0	0	0
N10U-011	NSI								
N10U-012	NSI								
N10U-013	NSI								
N10U-014	52.7	54.5	1.5	4.9	5.82	0.17	1.0	0.03	0
N10U-015	NSI								
N10U-016	72.0	73.0	1	3.3	31.4	0.92	31	0.9	0.62
N10U-017	NSI								
Location 3500 & 3510 Zones									
N10U-018	NSI								
N10U-019	NSI								
N10U-020	Pending								
N10U-021	NSI								
N10U-022	93.4	94.69	1.3	4.3	30.5	0.89	4.0	0.12	0.02
Location 3000X Zones									
N10U-023	39.2	44.5	5.3	17.4	1.7	0.05	17.5	0.51	0.11
	48.2	52.3	4.1	13.5	2.04	0.06	129.2	3.77	0.4
including	51.7	52.3	0.6	2.0	7.3	0.21	39.0	1.14	0.32
N10U-024	32.6	35.4	2.8	9.2	160.5	4.68	6.0	0.17	0.02
N10U-025	35.7	37.5	1.8	5.9	2.6	0.08	9.3	0.27	0.02
	45.3	47.4	2.1	6.9	1.7	0.05	49.3	1.44	1.23

On 14 February 2011, the Company announced the appointment of Mr. John Oness as Vice President Business / Development and Ms. Stacey Bligh as Corporate Secretary.

Mr. Oness has extensive experience and education in all aspects of corporate management with strengths in strategic planning, business development and investor relations for public companies. He has served as a director, executive and consultant to public companies in the resource and non-resource fields over a 20 year career.

Since 1999, Ms. Bligh has held the position of corporate secretary for various public companies listed on the TSX Venture Exchange, Amex, OTCQX and OTCBB. Most recently, Ms. Bligh was Corporate Secretary and Compliance Officer of a TSX Venture Exchange and Amex listed company where she guided the regulatory and corporate governance affairs of the company.

In addition, the Company wishes to announce that 1.2 M incentive stock options have been granted to various directors, officers, employees and consultants of the Company at an exercise price of $0.55 per common share for a period of five years.

On 14 February 2011, the Company granted a total of 1,200,000 stock options to directors, officers, employees and consultants of the Company at an exercise price of $0.55 per common share for a period of five years.

On 17 February 2011, the Company announced the results of a Preliminary Economic Assessment (PEA) performed by Snowden Mining Industry Consultants Inc. ("Snowden") evaluating the resumption of underground mining at the Nixon Fork Gold Mine.

Current Company Activity:

At present the company is engaged in three primary activities at the Nixon Fork Mine Site:

- Preparing the mine for the eventual resumption of mining operations, including: rehabilitating underground excavations, rebuilding the mine mobile equipment, re-establishing or enhancing mine services and facilities, ordering additional mining equipment for production, and preparing a detailed mine plan

- 28,000 metre exploration and definition drilling to expand resources and support the detailed mine plan
- Construction of a 250 tpd cyanidation circuit in the mill for the recovery of gold from existing and future post-gravity / post-flotation tailings

Scope of this Study:

This PEA focuses on the resumption of underground mining and processing with a production rate of 150 tpd. The mineral inventories in this report are based on the most current resource estimate (Giroux, 2010), which do not include the results of ongoing ore definition and exploration drilling performed in 2010 and 2011. At the direction of FAU, this study focuses on the first two years of mining, though the resources are not depleted during this period.

Details from the Study:

Geotechnical Evaluation: Stability analyses were performed based on underground mapping and core logging by Dr. Walter Keilich of Snowden. Final recommendations for the Crystal Mine included bolting patterns for all development and stoping areas (normally 1.8 m bolts on 1.2 to 1.3 m spacing), as well as a recommendation to cable bolt sublevel open stope walls.

Mining Methods: Three mining methods were identified as suitable for the mining zones: longhole open stoping, cut-and-fill, and shrinkage. Cut-off grades (COG) of between 12.5 g/t and 20 g/t were determined, based on mining and access costs. Most stopes were assessed at a COG of 15 g/t.

Table 6: Potentially Economic Mineral Inventories

Area	Tonnes kt	Grade Au g/t
Crystal	87.5	30.6
Southern Cross	1.39	19.2
Mystery	12.4	28.3
Total	**101.3**	**30.2**

Underground Development: Access development was designed at a uniform profile of 4.0mH x 4.0mW, with a maximum gradient of 15% applied to ramps. Conceptual development was generated to access all stoping blocks, with a total requirement of 1,914 m estimated to service the two-year production plan, an average of 82 m per month.

Mineral Inventory: A potentially economic inventory of 101,249 tonnes grading 30.2 g/t was generated for three mining areas, as shown in Table 6.

Mining to Depth: Approximately 50% of the mineral inventory is at depth in the Crystal Mine. At present this is a zero-discharge operation. The water table has not been defined at present. The mine is quite dry with inflows of <1.0 l/s, though the water level at the bottom of the mine is known to fluctuate seasonally by as much as 6 vertical metres. The Company has several plans in place to facilitate mining to depth, including the installation of dammed reservoirs in the mine to contain mine water, recycling mine water for drill requirements, using spraying misters to evaporate excess water.

Production Forecast: A processing rate of 150 tpd or 4500 tonnes per month was assumed for the duration of the two-year production forecast. In general two to four stoping areas are assumed to be active at a time. The forecast was prepared with a “high grade early” strategy. During the first year, mining only occurs in the 3000 and 330 zones of the Crystal Mine. The Mystery Mine begins production in the 18th month.

Table 7: Project Forecast – Material Movement and Feed Grades

Zone	Item	Year 1 by Month												Total
		1	2	3	4	5	6	7	8	9	10	11	12	
3077	tonnes	-	-	-	-	-	-	-	-	-	-	4,500	4,500	9,000
	g/t											49.0	33.8	41.4
3000D	tonnes	1,125	2,250	2,982	-	-	-	-	-	-	-	-	-	6,357
	g/t	42.1	42.1	42.0										42.1
3300_300	tonnes	-	-	393	4,500	4,500	4,500	298	-	4,248	4,500	-	-	22,940
	g/t			37.8	37.8	37.8	34.2	31.3		29.4	24.0			32.7
3300_383	tonnes	-	-	-	-	-	-	4,202	4,500	252	-	-	-	8,954
	g/t							24.8	24.8	18.2				24.6
SC	tonnes	-	-	-	-	-	-	-	-	-	-	-	-	-
	g/t													
Mystery		-	-	-	-	-	-	-	-	-	-	-	-	-
Total mill feed	tonnes	1,125	2,250	3,375	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	47,250
Feed grade	g/t	42.1	42.1	41.5	37.8	37.8	34.2	25.2	24.8	28.8	24.0	49.0	33.8	34.1
Cost	$/oz	371.9	337.9	330.9	356.0	356.5	393.3	527.9	537.9	467.1	561.1	268.5	392.5	447.4
	$/t	504.0	458.0	441.5	432.4	433.1	432.0	428.3	428.9	432.5	433.0	423.3	426.8	434.0

Zone	Item	Year 2 by Month												Total
		13	14	15	16	17	18	19	20	21	22	23	24	
3077	tonnes	452	3,398	1,638	4,443	-	-	-	-	-	-	-	-	9,931
	g/t	44.4	28.4	27.3	29.4									29.4
3000D	tonnes	4,048	-	-	57	-	4,500	2,486	-	-	-	-	-	11,091
	g/t	33.7			33.7		24.7	23.9						27.8
3300_300	tonnes	-	-	2,862	-	4,500	-	624	3,795	-	-	4,500	1,110	17,391
	g/t			30.7		29.4		19.8	23.1			20.3	16.9	24.7
3300_383	tonnes	-	1,102	-	-	-	-	-	705	-	-	-	-	1,807
	g/t		18.2						18.2					18.2
SC	tonnes	-	-	-	-	-	-	1,390	-	-	-	-	-	1,390
	g/t							19.2						19.2
Mystery		-	-	-	-	-	-	-	-	4,500	4,500	-	3,389	12,389
										31.7	21.2		33.3	28.3
Total mill feed	tonnes	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,499	53,999
Feed grade	g/t	34.8	25.9	29.5	29.4	29.4	24.7	21.9	22.3	31.7	21.2	20.3	29.2	26.7
Cost	$/oz	386.8	512.0	456.6	453.0	456.7	546.4	613.4	605.5	431.5	641.1	665.6	469.4	447.4
	$/t	432.4	426.5	432.6	428.7	432.3	433.6	431.2	434.4	439.9	436.6	434.1	441.4	433.6

Metallurgy and Processing: Gold recovery assumptions were based on historical performance for gravity and flotation circuits and the results of the August 2010 PEA for cyanidation. An allowance was included for incremental improvement of total recovery through start-up, from 90% on commissioning to 95% as the assumed maximum recovery.

Table 8- Estimation of Capital Requirement

Item	Units	Unit cost ($M)	Total cost ($M)
Remote loader	1	0.500	0.500
20t underground truck	2	0.400	0.800
Forklift for bolting	1	0.130	0.130
Alimiak/rail/accessories	1	0.300	0.300
Misting sprayer	1	0.075	0.075
First fill supplies	1	0.150	0.150
Subtotal			**1.955**
Contingency	30%		0.590
Working capital	1.5	2.500	3.750
Total			**6.295**

Capital Requirement: The capital requirement for the Project is low, as shown in Table 8, because of the extensive existing infrastructure, facilities, and mobile equipment at site. The primary requirement is working capital, comprising 60% of the estimated capital requirement. Annual sustaining capital was included at 2.5% of the start-up capital requirement.

Table 9: Average Operating Costs by Category for Two Year Plan

Item	$/t processed	$/tOz produced
Mining Cost	124	128
Processing Cost	190	196
G & A Cost	120	124
Total	**434**	**447**

Operating Costs*:* Over the two-year duration of this study, operating costs have been estimated to average $/oz or $/tonne, broken out by category as follows:

Financial Model: Three gold prices were used: $1033/oz, representing a three year average price, $1200/oz, the “Base Case” price requested by FAU, and $1500/oz representing an optimistic case. The results of the analysis are shown in Table 10.

Table 10: Summary of Financial Model for Two Year Plan

		Gold price ($US/tOz)		
Item	**Units**	**1,033**	**1,200**	**1,500**
Undiscounted cash flow	$USM	47.8	64.3	93.6
NPV @ 5% discount	$USM	45.3	60.9	88.9
IRR	%	462	549	853
Payback period	Months	4	3	3

No revenues were included for copper or silver, though the operation has received payment for both metals in the past. This was due to lack of support for a resource estimate for those two metals. The payback period is estimated at 3 months for all cases. The short duration is a direct result of the low capital requirement.

Sensitivity analyses were performed over the range of -25% to +25% of the base case assumptions for gold price/process recovery, development costs, development capacity, process and G&A costs, and underground production costs.

As shown in Figure 1, the project is most sensitive to the gold price.

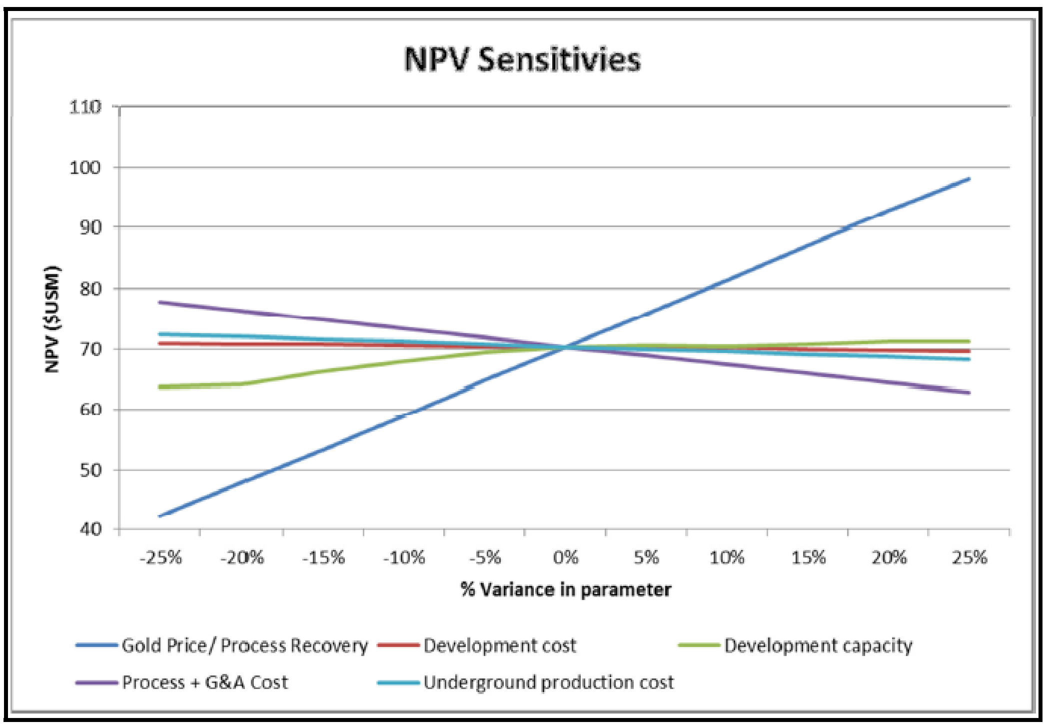


Figure 1: Sensitivity Analyses for Two Year Plan

Conclusions: Snowden has determined that there is potential for profitable operations from the first 24 months of production at the Nixon Fork Mine based on the most current resource estimate (Giroux, 2010). The base case of $1200/oz Au returns an undiscounted cash flow of $64.3 M and an IRR of 549% for this two year plan.

Recommendations:

Snowden makes the following recommendations:

1. A substantial exploration program should be maintained to replace mineral reserves on an annual basis
2. Ongoing work is required to accurately determine depletion of resources by prior mining campaigns
3. Definition drilling should be ongoing to upgrade the resources to Measured or Indicated prior to completing a prefeasibility study
4. One of the principal drivers of the high cut-off grade is the processing rate, and a mill expansion should be evaluated. The mineral inventory at a lower cut-off grade of 10 g/t is almost double that at 15 g/t
5. FAU should proceed with its plans to define and control the moderate inflows of ground water

Use of this Study:

In September 2010, the Company completed a PEA that assessed the viability of completing a cyanidation circuit for the purpose of recovering gold from an existing tailings pond (refer to press release dated 29 September 2010) and increase overall gold recovery from future mining. Construction of the cyanidation circuit began in January 2011 and is projected to be complete and operational by Summer 2011. This study does not incorporate the resources contained in the historic tailings pond (Indicated: 92,000 tonnes @ 7.9 g/t; inferred 48,000 tonnes @ 7.4 g/t) nor does it include the financial benefit of recovering the gold from these tailings through the cyanidation circuit, as defined in the September 2010 PEA.

The Company will combine the results of the two PEAs as components of an internal operational mine plan, modelling the financial results obtained from mining 150 tpd from the underground and operating the cyanidation circuit at 250 tpd with supplemental feed from the historic tailings pond for six months of the year.

The Company is well funded, with $13.8 M CAD in its treasury (as at 9 February 2011) and estimates that the current funding will complete the construction of the cyanidation circuit, provide the start up capital for the mine, and sustain ongoing company G&A costs through the production ramp up period. However, FAU will be seeking to make available additional sources of funding of up to $10M to act as a contingency to supplement working capital needs for the transition from development to production, and to expand the exploration program.

As a result, the Company is pursuing alternative methods of financing such as a line of credit, off take agreement, gold loan and/or additional equity.

This assessment is preliminary in nature and includes the assessment of Inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the evaluation reported in this preliminary assessment will be realized.

The key findings of the study are as follows:

- The current resource is sufficient to sustain a two year production forecast at a production rate of 150 tonnes per day with an average mined grade of 30.1 g/t using an average cut-off grade of approximately 15 g/t
- The mineral inventories in this report are based on the most current resource estimate (Giroux, 2010), which do not include the results of ongoing definition and exploration drilling performed in 2010 and 2011. At the direction of FAU, this study focuses on the first two years of mining, though the resources are not depleted during this period
- Capital costs to resume production are estimated to be $6.3 M with a projected payback of 3 months
- Operating costs are estimated at $434/t or $447/oz for the first two years of operations
- At a gold price of $1200 per oz Au, the project delivers an IRR of 549% and NPV of $60.9M on an undiscounted cash flow of $64.3M over the first two operating years

NEW PROJECT ACQUISITION PROGRAM

The Company continues to review potential new acquisitions that will enhance its current portfolio of advanced stage projects. However, management currently feels it has acquired a diverse project portfolio and is focused on continuing their development during 2011.