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FVGCF: OTCQX  
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Toll Free 1 800 667 1870

NEWS RELEASE  
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## Fire River Gold Starts Up the Nixon Fork Mill

**July 5, 2011 Vancouver, Canada** – Fire River Gold and Mystery Creek Resources (collectively “the Company”) are pleased to provide the following update for the Nixon Fork Mine. It is a thorough document that provides insight into all aspects of operations at site. All photos contained in this release were recently taken and represent current conditions at site.

### *Start Up Schedule*

The mill was started up on July 4<sup>th</sup>. Only the gravity and flotation circuits are being run, which will achieve approximately 80% recovery of gold from freshly mined ore.

The crushing circuit has already been operating this past week as a commission task and to prepare road surfacing material for construction. See Figure 1 for a picture of the primary jaw crusher in operation.

The start up plan for the plant is to process barren waste for a few days to get the material flowing through the mill. Next, low grade mineralized rock (2 to 8 g/t) will be processed over the next week as a “breaking in” period for the gravity and flotation circuits. After the breaking in period, the mill should be fully operational on gravity and flotation circuits and will start processing higher grade feed.

Completion of the cyanide-in-leach (CIL) circuit will be ongoing during start up, with mechanical completion and commissioning projected for late fall. Adding the third process should bring total recovery up to 96%.

The mine and mill should be fully operational and near capacity at 150 tpd of fresh ore from the mine by the end of October. By late spring of 2012, ore feed from the mine will be supplemented by recovering an additional 100 tpd of tailings from the existing tailings pond, which grades approximately 7.6 g.t (Giroux, 2010).

*The key project objectives dates are summarized as follows:*

- **July 4 - Mill start up**
- **Late July - First concentrate shipment of 30 tonnes from Anchorage**
- **Mid to late August - First doré gold pour from gravity concentrate**
- **Early September - Dry stack construction completion**
- **September/October - Mechanical completion of CIL plant**

- Late October - Commissioning of CIL, start of leaching
- Late Spring 2012 - Leaching historic tails from pond



Figure 1: Jaw Crusher in Operation

### *The Mill*

There were several modifications made to the existing mill that were performed concurrent with construction completion of the CIL plant:

- At the crushing plant, the crush size was reduced from 2 inches to 1 inch passing, which is a standard practice. This should reduce the grinding requirement and could increase the capacity of the mill.
- The feed to the centrifugal gravity separator used to come from the cyclone overflow. This has been re-routed to draw from the cyclone feed. This should increase gold recovery and system operational reliability. Gravity gold is the cheapest to process and has the highest value, so this will have a strong economic benefit to operations.
- A slurry storage tank was added between the concentrate thickener and filter to decouple the two processes and make them more efficient. Peristaltic pumps were also installed to maintain a high density and low flow. In past operations moistures as high as 20% were reported in the concentrate. We anticipate a much lower moisture content of in the new concentrate.

The flotation circuit is very simple, using only xanthate and frother. No pH control is required. As such, no improvement to the existing circuit was deemed necessary. Our objective will be to moderate copper content in the concentrate, which varied from 10 to 25% historically.



Figure 2: Gravity and Flotation Circuits at the Mill

### *The Carbon-In-Leach (CIL) Circuit*

Two of the five cyanide leach tanks have been fully installed and a third is partially complete. Though at site, these were delayed so that several smaller installation around the large tanks would not be obstructed.

The main components of the carbon stripping and electrowinning circuits have been installed. Piping and electrical work will start in earnest in mid August. Nearly all remaining equipment is at site, the exception being the agitators for the detox tanks, which are the critical path item for mechanical completion, which is anticipated for mid September.



A cyanide source has been secured for delivery in October.

### *The Filtered Tailings Disposal Site (Dry Stack)*

The original design of the dry stack was for water collection beneath the sand in porous pipes, transferring to a pond for sampling and percolation into the earth. The company elected to line the dry stack and enlarge and convert the percolation pond to a lined collection pond to make this a zero discharge facility. This is the only significant construction activity outside of the mill building in 2011. A fleet of construction equipment is being assembled at site, including an excavator, dozer, front end loader, and articulated truck for this work. A crew of six will complete this construction by the end of August. Completion of the dry stack is necessary prior to the commissioning of the CIL circuit.

### *The Mine*

The mine has been in operation for several months, with mine rehabilitation, ore stockpiling, waste development, and diamond drilling being the primary activities.

All mine rehabilitation work is complete, the largest project being the refurbishing of the ventilation raise which serves as a secondary egress.

Two primary waste headings are being driven: 1) the Crystal Ramp is being extended to depth to access the down-dip extensions of 3000 and 3300 zones and 2) a shallow ramp is being driven from the Crystal Mine to connect it to the Mystery Mine. To-date the Crystal Ramp has been driven 42 m and the Mystery drive has been driven 90 m. A ventilation drift for the Crystal ramp extension has also been completed, a distance of 33 m.

The Mystery Mine connection drift is a shallow ramp, driven at 6% grade from the Crystal Mine, starting at 170 mASL . This connection is crucial to future operations, as it will open up the Mystery Mine for mining operations (current resources in the Mystery Mine are 28,400 tonnes *indicated* grading 23.7 g/t for a total of 20,900 indicated oz Au using a cut-off grade of 10 g/t, from Giroux, 2010). It will also provide excellent drill platforms to explore the zone between the mines, including the Southern Cross and J5A mineralized zones.

Mining and development activities are still ramping up to full capacity as the manpower expands to its full complement of 90 site employees. Approximately half of the new production mining fleet has arrived at site, including a one-boom Tamrock jumbo, BC2 longhole drill, 4 yd<sup>3</sup> R1300 scooptram, and a 20 tonnes Dux truck. A second Dux truck and R1300 scooptram are scheduled to arrive early in June. The second scooptram will be remote-capable, expanding stoping method options for the operation. Additional equipment is being considered to enhance productivity, including a rockbolting machine. The mine is expected to achieve its full production target of 3800 ounces per month by October 2011.



**Figure 3: Mine Equipment Purchases (L to R: One Boom Jumbo, 4 yd<sup>3</sup> Scooptram, LH Drill)**

### *Stockpile Management*

At present a stockpile of approximately 2300 tonnes of high grade material and 100 tonnes of medium grade material is stored in front of the primary jaw crusher outside of the mill building (Figure 4). In addition, approximately 500 tonnes of low grade material has been stored on a nearby laydown (Figure 5). This material is segregated into piles awaiting grade determination by assay (note the identifying stakes for each pile) before being added to one of the piles or disposed of onto the waste dump.



**Figure 4: High Grade Stockpile (left) and Medium Grade Stockpile (right) ahead of Primary Crusher**



Figure 5: Low Grade Stockpile (to right) and Unclassified Material Piles

### *Water in the Mine*

There is much speculation, but few facts known about the groundwater situation in the mine. At present there is approximately 3 m of water at the bottom of the old ramp and approximately 0.3 m in the new ramp heading. The water level in the mine is known to fluctuate as much as 6 m in the spring after the snow melt.

While the full extent of the groundwater significance is not known, the mine is taking several steps to manage groundwater inflows should they become problematic to the crystal ramp development, including:

- Locating the drive in tightly healed limestone
- Installing a 200,000 gallon reservoir at 170 mASL to pump inflow water (completed July 3<sup>rd</sup>) and a second 70,000 gallon reservoir at 340 mASL for drill water storage
- Diamond drilling ahead of the development heading to explore groundwater and fracture conditions
- Acquiring a large capacity grout pump and contracting experts to guide the grouting program should one be required
- Acquiring four evaporation misting machines to dispose of excess groundwater through accelerated surface evaporation (one unit is already in service at the tailings pond, see Figure 6).



**Figure 6: Evaporation Mister at Tailings Pond**

### *Drilling*

The mine has two Hagby drills that have been operated underground over the past several months. Drill results have been extensively covered by numerous press releases over that period.

The main objective of recent drilling was ore definition in support of the earliest mining in the upper Crystal Mine, approximating the first six months of production. This work is complete and the drills are now being turned to exploration targets on surface and underground. The most important target for both is the zone between the Mystery and Crystal mines, which houses three targets: the Southern Cross, J5A, and 3100 zones. These will be more effectively drilled once platforms have been provided by the shallow ramp connecting the Mystery and Crystal Mines.

The Company maintains that the property is fairly large and the ability to replenish mining on an annual basis is a probable and appropriate approach to extending the life of the operation.



**Figure 7: Hagby Drill Set Up Underground**

### *Assay Lab*

One challenge of start up has been to fully staff the assay lab, which has been accomplished with the addition of four assayers.

While the ore is visually discernable, the precise grade is not, and there is enough latitude that the geologists are regularly surprised in both directions – assays demonstrating higher and lower grade than expectations based on visual examination. Accordingly, a quick turn-around of assays is necessary to properly manage the determination of ore and waste. The number of results per day will increase with mill start up, as the underground testhole, chip samples, and muck pile samples will be joined by numerous daily checks on mill feed, gravity, flotation, concentrate and final tailings determinations.

Diamond drill samples are still assayed independently such that they can be used to support resource and reserve estimations.





**Figure 8: Fire Assaying for Stockpile Grade Determination**

### *Marketing Contracts*

Negotiation of contracts for the off-take of concentrate and dore bars are under active discussion with a number of major buyers. The concentrate will leave site in 1 tonne totes on pallets aboard a C130 Hercules aircraft. The doré will be shipped in 25 to 30 kg bars that will be comprised of gold (60%), silver (30%), and impurities (10%). No delay to revenue is anticipated due to completion of either contract.

### *Security*

A contract has been awarded to an independent contractor Doyon Universal Services LLC for continuous surveillance of the mill area and to accompany all shipments from site. The Company is confident that the surveillance equipment installed coupled with the diligence of a third-party security team will protect the operation from losses due to theft.

### *Logistics*

Being an air-support operation, efficient logistics are crucial to the property's success. Our primary fuel supplier, Everts Air Cargo, has successfully built up our inventory at site such that for the first time in our project's history we refused a fuel flight last week. Figure 9 shows the Everts DC-6 offloading fuel into the Nixon Fork tanks. Note that the art on the nose depicts the plane's original owner, Mr. Howard Hughes.



**Figure 9: Everts Air Cargo's DC-6 Transferring Fuel**

Most of the heavy equipment at site was lifted from Anchorage aboard a Lockheed C-130 Hercules airplane, supplied by Lynden Air Cargo (Figure 10). This plane will also be used for all bulk supply, such as cyanide, lime, cement, and to fly copper concentrate from site. Excess payload capacity is often exploited by offloading wing fuel from the plane to our fuel storage tanks.



**Figure 10: Lynden C-130 Hercules Airplane Arriving at Nixon Fork Mine**

## *Anchorage Office*

The Company has established an Anchorage office, which is embedded in Lynden's main facility. Project accounting, human resources, and logistics coordination will be managed from this office.

## *Closing Comments*

Needless to say we are all excited about achieving this milestone. I am very proud of our workers and our management and thank each employee, consultant, and contractor whose contribution got us to this point. It has certainly been a team effort with many helping hands.

On behalf of the Board of Directors,



Richard Goodwin  
President & COO

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| Further Information: Tel: +1 604 685 1870 Fax: +1 604 685 8045<br>Email: <a href="mailto:info@firerivergold.com">info@firerivergold.com</a> or visit <a href="http://www.firerivergold.com">www.firerivergold.com</a><br>2303 West 41 <sup>st</sup> Avenue, Vancouver, B.C., Canada, V6M 2A3 |
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