

# Beer & Co.

Corporate Finance

ACN 158 837 186

AUTHORISED REPRESENTATIVE MELBOURNE VENTURE  
SECURITIES PTY LTD AFSL 224 313

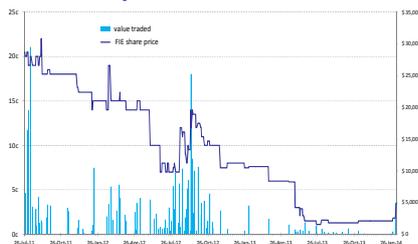
## Snapshot

Last Price	3.5c
Shares on issue	32.0m
Market cap	\$1.12m
Cash on hand	\$0.36m
Options on issue	9.2m
Expire 31/12/16; exercisable at 4.0c	
Directors hold	7.9m
	or 25%
Top 20 hold	53%

## Board & Management

David Holden	Managing Director
Roger Steinepreis	Non-exec. Chairman
Paul Lloyd	Non-exec. Director

## FIE share price v. value traded



FIE listed in July 2011, raising \$3.1m by the issue of 15.5m new shares, taking total shares on issue to 31.0m.

FIE acquired the Copper Ridge project in November 2013.

## Extensive visible copper at Copper Ridge, Utah

- Area extensive; depth not known; needs shallow drilling
- Successful SX-EW operation nearby

### Extensive Visible copper at Copper Ridge, Utah

Figure 1 shows extensive visible copper in the Copper Ridge area of Utah.

Figure 1 : Extensive visible copper mineralisation



Source : Firestrike Resource

The area has been historically mined, as shown in Figure 2, which is one of many historical mines in the area.

Figure 2 : Historical mine, Copper Ridge, Utah

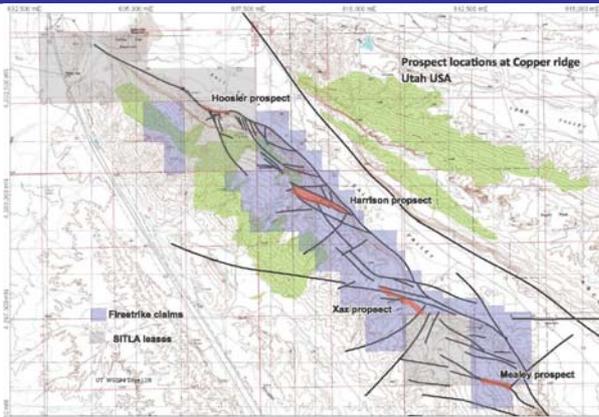


Source : Firestrike Resource

FIE acquired the Copper Ridge project in November 2013. It consists of 175 freehold land claims, each of which is about 1ha, plus 3 Utah School and Institutional Trust Lands Administration (SITLA) leases for which FIE is still negotiating access. One of the SITLA leases covers the historical small Hoosier mine ( narrow vein high grade copper and silver).

Figure 3 shows that the lease areas have 4 previously mined prospects, at Hoosier, Harrison, Xaz and Mealey.

**Figure 3 : FIE’s tenements, Copper Ridge, Utah**

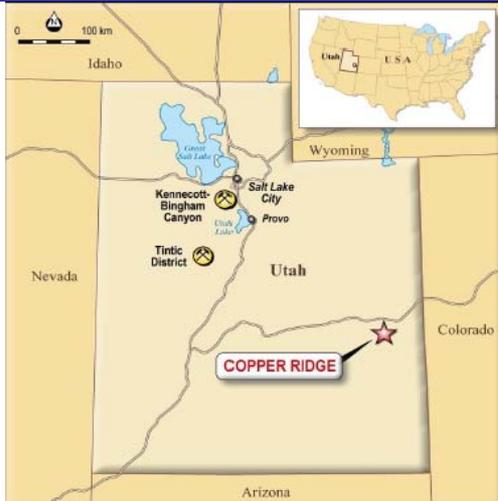


Source : FIE ASX announcement, 26 November 2013

**Good Location**

Copper Ridge is in Utah, a pro-mining state, that hosts RIO’s Bingham Canyon mine, as shown in Figure 4.

**Figure 4 : FIE’s Copper Ridge project in Utah**



Source : FIE quarterly report, December 2013

Copper Ridge is about 80km from the existing Lisbon Valley Copper mine (LVC), which is now a private operation.

Lisbon Valley, which appears to be in the same geological setting, produces 8,000 – 10,000t of copper cathode a year from its SX-EW operations.

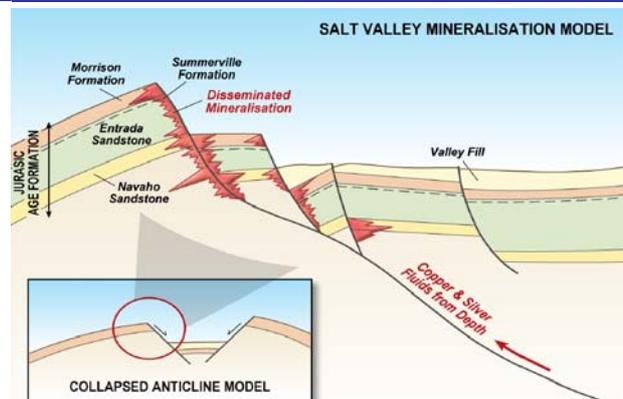
Lisbon Valley had, in a 2005 report, 48.9Mt of Measured and Indicated Resources at 0.48% Cu, 0.10% Cu cut-off. The operation was developed with a reported reserve of 40.4Mt at 0.46% Cu, with a waste to ore ratio of 1.9.

Salt Valley is 40km long by 1 km wide, about 60km from the township of Moab. It is crossed by Interstate Highway I-70 and the Rio Grande Western Railroad while US Highway 183 parallels the southwest flank of the structure.

**Geology**

The geological model, as shown in Figure 5, is epigenetic, replacement stratiform carbonate / sediment hosted copper deposits as a bulk volume deposition, with copper mineralisation hosted within fault zones which act as conduits for the mineral bearing fluids, in brecciated or structural prepared, dilatants positions.

**Figure 5 : Geological model, Salt Valley**



Source : FIE presentation, January 2014

To date, FIE has undertaken rock chip sampling from dumps, as shown in Figure6, which yielded results of 1.87% Cu, 8.05% Cu, 2.53% Cu, 8.31% Cu and 2.36% Cu at Hoosier.

Recently, FIE reported that it collected 135 samples, of which

- 15 exceeded 1.0% Cu
- 115% exceeded 0.1% Cu; and
- The average grade of these samples was 0.67%.

Channel sampling at 3 different locations returned

- 26m at 1.10% Cu
- 5.5m at 0.58% Cu
- 3m at 0.96% Cu

**Figure 6 : Sampling from dumps, at Harrison**



Source : Firestrike Resource

### Potential Development

Hoosier was an operating mine producing copper cathode in the 1970s. At that time, SX-EW technology was quite immature and the mine was not able to get over the technological issues, but the operations have left a legacy of heaps and tanks.

#### A Resource

Beer & Co believes that FIE is able to estimate areas of mineralisation. However, FIE will need to undertake a drill campaign to be able to estimate a volume of mineralisation.

Beer & Co expects that the drill campaign will be a large number of shallow RC holes, say 40m or so, with a small number of deeper holes to test for sulphidic copper mineralisation hosted within fault zones which are hypothesised to act as conduits for the mineral bearing fluids.

Such a drill campaign could be conducted during the June quarter and, if successful, by September a Resource could be announced and preliminary metallurgical test-work executed which may confirm that the Copper Ridge material is similar to the Lisbon Valley material.

#### Testwork

If the metallurgical testwork achieves the expected results, then further drilling and engineering for an SX-EW operation would then take until about March 2015 and subject to finance, first copper could be produced early in 2016.

Construction and commissioning should be facilitated by the presence of a similar operation about 80km away.

#### Cap.Ex and Op.Ex

The NI 43-101, from September 2005, for the Lisbon Valley operation estimated :

- Capital costs of \$53m (as at June 2004) to produce 27kt/yr of cathode; and
- Cash operating costs of 40c/lb.

The increase in the US CPI from June 2004 to December 2013 has been 23%.

### Other

FIE listed in July 2011, having raised \$3.1m and with 31.0m shares on issue.

It has not raised any capital since that time, though shares on issue now total 32m.

The share price has been crunched as funding for small explorers evaporated and FIE had announced farm-in deals with significant costs, both in terms of direct payments and exploration. FIE has since exited those arrangements.

FIE is now very strongly focussed on its recently acquired, and 100% owned, Copper Ridge project in Utah.

The area has been historically mined, which gave the name Copper Ridge.

### Conclusions

In Beer & Co's view, this project is a late stage exploration asset, as the presence of copper is known, but the extent still needs to be determined.

In Beer & Co's view, development will be facilitated by

- being in a pro-mining state, of Utah;
- being in an area that is familiar and comfortable with mining as an economic activity, and with little other potential; and
- a similar operation being about 80km away.

If the drilling is successful and the metallurgical testwork and engineering is also successful We expect development will be relatively quick with a relatively small capital cost and a low operating cost.

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The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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