# Coastal Gold Defines Indicated Mineral Resource of 5.5 Million Tonnes Grading 4.77 Grams Au/t at Hope Brook

12.01.2015 | Marketwired

TORONTO, ONTARIO -- (Marketwired - Jan 12, 2015) - Coastal Gold Corp. (TSX VENTURE:COD) (FRANKFURT:CY41) ("Coastal Gold" or the "Company") has updated the high grade underground mineral resource estimate for the Company's Hope Brook Gold Project in Newfoundland. This new resource estimate is within the previously released mineral resource estimate (see press release dated December 4, 2013). The area encompassing the new resource estimate is in proximity to the existing ramp that extends to a depth of 350 metres below surface which allows ready access for the potential development of existing underground mineral resources. The high grade mineral resource has been defined using a 3.0 g Au/t cutoff.

- Mineral resource targeted for potential underground development of 5,500,000 tonnes grading 4.77 g Au/t containing 844,000 ounces gold in the indicated category and 836,000 tonnes at 4.11 g Au/t containing 110,000 ounces gold in the inferred category.
- The bulk of the indicated resource is in the Mine Zone in the former mine area while the bulk of the inferred resource is in the 240 Zone as shown in Figure 1. Both zones are open along strike and downdip with geology and geochemistry indicating these zones are part of a much more extensive mineralized system that is underexplored.

Dr. Bill Pearson, P.Geo., President and CEO of Coastal Gold, commented: "The new resource model provides a more accurate basis for determining the potential for underground development. The grade of the indicated resource has increased to 4.77 g Au/t compared to the previous estimate of 4.43 g Au/t (see press release June 3, 2014). The new resource is designed to consider the potential of mining the entire deposit from underground using the existing access. In addition, underground development would facilitate follow-up drilling on potential high grade target areas and deposit extensions already identified from our previous surface drilling, including Hole HB11-023 which intersected 11.4 g Au/t over a true width of 20.9 metres (see press release dated April 27, 2011 and Figure 1).

Allan Polk, P.Eng., Project Manager for Hope Brook, commented: "The new model, with its tighter constraints and a focus on the higher grade core, shows promise for an underground mining scenario that is enabled by the existing decline and ventilation infrastructure. The existing ramp passes by the lateral extensions of the deposit for quick production opportunities and there are also remnants within the old workings that we believe will prove mineable, especially with the integration of sorting technology to the process flow-sheet."

### Underground High Grade Mineral Resource Estimate

The new underground mineral resource estimate at a 3.0 g Au/t cut-off grade given in Table 1 excludes mafic dike volumes that have been modeled within the deposit. The distribution of the resource is shown in Figure 1, a vertical longitudinal section. Additional tonnage and grade tabulations that reflect other gold cut-off values appear for comparative purposes in Table 2 below. A technical report prepared in compliance with National Instrument 43-101 will be filed by Coastal Gold under the company's profile on SEDAR at www.sedar.com and on the Company's website at www.coastalgold.ca within 45 days of this press release.

Table 1: High Grade Underground Mineral Resource Estimate for Gold at 3 g Au/t Cut-off, Hope Brook Gold Project as at January 12, 2015

| Resource Category | Tonnes (Rounded) | Gold Grade (g Au/t) | Gold (Oz) |
|---|---|---|---|
| Indicated | 5,500,000 | 4.77 | 844,000 |
| Inferred | 836,000 | 4.11 | 110,000 |

Mineral resources in Table 1 include both Mine Zone and 240 Zone tonnages and are based on a partial percentage block model with dike material removed. The Mine Zone incorporates the former mine while the 240 Zone is located approximately 1.4 km southwest of the former mine area (see Figure 1). The majority of

the indicated resources are in the Mine Zone whereas the majority of inferred are in the 240 Zone. Drilling experience by Coastal Gold is that the grade of inferred resources typically increase with closer spaced drilling required for the definition of indicated. Consideration of possible open pit scenarios is not reflected in the current resource estimate but may be carried out by Coastal Gold in the future.

Table 2: Comparative Tabulation of Block Model Tonnage and Gold Grade Values

| Resource Category | Gold Grade Cut-off (g Au/t) | Tonnes (Rounded) | Gold Grade (g Au/t) | Gold (Oz) |
|---|---|---|---|---|
| Indicated | 2.0 | 8,086,000 | 4.06 | 1,055,000 |
| Inferred | 2.0 | 1,185,000 | 3.63 | 138,000 |
| Indicated | 2.5 | 6,919,000 | 4.37 | 971,000 |
| Inferred | 2.5 | 995,000 | 3.89 | 124,000 |
| Indicated | 3.0 | 5,500,000 | 4.77 | 844,000 |
| Inferred | 3.0 | 836,000 | 4.11 | 110,000 |

Notes pertaining to the January 12, 2015 Mineral Resource Estimate Statement:

1. Mineral resources are estimated in conformance with the CIM Mineral Resource definitions referred to in NI 43-101 Standards of Disclosure for Mineral Projects. Michael Cullen, P. Geo., Chief Geologist at Mercator Geological Services Limited and an Independent Qualified Person as defined under NI 43-101, supervised, and is responsible for, the mineral resource estimate presented in this press release.
2. Gold grades were interpolated separately within High Grade and Low Grade gold domains. Gold assays within the High Grade domains were capped at 50 g Au/t within a 50m search restriction and 20 g Au/t outside the 50m search restriction. Low Grade domain assays were capped at 15 g Au/t within a 50m search restriction and 3.00 g Au/t outside the 50m search restriction.
3. Rock density factors used in the previous NI 43-101 resource estimate were retained in the current model and reflect a total of 3,650 determinations by Coastal Gold. The average value for each modeled domain was applied to the block model. Densities were confirmed for the earlier resource estimate by testing of representative core samples by G&T Metallurgical Services, a division of ALS Metallurgy.
4. As in the previous estimate, detailed geological logging and sectional interpretations by Coastal Gold led to development of three-dimensional domain models based mainly on assay results and partially on lithological controls. The wire-framing resulted in a high grade envelope (approximately 2.5 g Au/t cut-off grade) within a lower grade silicic domain (between 0.5 g to 1.0 Au/t cut-off grade) that encompasses the bulk of the mineralization. The wire-framed solids defining these domains were locally modified by Mercator from those used in the previous estimate to better reflect 2013 drill hole gold grade intercepts and to minimize internal dilution within the domains where possible. The original domains were used in the variography studies and in development of grade interpolation constraints. A footwall pyrite domain and a hanging wall argillic alteration domain were also wire-framed previously to enable interpolation of local areas of mineralization but these do not contribute mineralized material to the current resource.
5. The mineralization is cut by a series of mafic dikes that could not be individually wire-framed. In a manner reflecting that used in the previous resource estimate, a mafic dike block model was created and calibrated with available surface and historical underground geological information. The mafic model was updated by Mercator for use in the current resource estimate. Mafic dike material in the current resource model at the 3 g Au/t cutoff level, in terms of block model volume, is estimated at 18% in the Mine Zone and 0% in the 240 Zone.
6. The assay composite interval used for grade interpolation was 1.5 metres. Grade capping was applied prior to compositing.
7. A 3D geological block model was generated using Geovia-Surpac Ver. 6.6.1® software. The block model matrix size is 10 metres (X) by 3 metres (Y) by 5 metres (Z). This was a reduction in size from the previous model (10 metres by 5 metres by 5 metres) to improve selectivity of potential underground mining areas. Ordinary kriging was used for grade interpolation in all domains, with inverse distance and nearest neighbour check models. Following the example of the previous resource model, interpolation was carried out in multiple passes with increasing search ellipsoid dimensions. Resource classification for all models was based primarily on the pass number followed by an adjustment to the class model, based on the distance to the closest sample and kriged variance. Local confirmation of the historical stope model by 2012 and 2013 Coastal Gold drilling was used to support presence of indicated resource blocks in the immediate area surrounding the digitally modelled stopes
8. Copper is not included in the current resource estimate but was reported previously by Coastal Gold as an exploration target as defined under NI43-101 and the CIM Standards.

9. The reported mineral resources are considered to have reasonable prospects of economic extraction. This reflects consideration of comparable deposits, an 86% recovery factor based on new metallurgical testing results and historical plant performance data, and a gold price of US$1200 per ounce, which is below the three year moving average price. No open pit constraining shell contributed to the current model and all resources only reflect underground mining potential. The deepest level developed in the historical mine is approximately 350 metres below surface.
10. The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained ounces.
11. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to indicated or measured mineral resources.
12. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environment, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

**QUALIFIED PERSONS**

Michael Cullen, P. Geo., Chief Geologist with Mercator Geological Services Limited, who is independent of the Company and a qualified person as defined under NI43-101, supervised and is responsible for the mineral resource estimate presented in this press release. Mr. Cullen has reviewed and approved the scientific and technical content of the news release. Dr. Bill Pearson, P.Geo., President & CEO of Coastal Gold, a Qualified Person as defined by NI 43-101, has also reviewed and approved the scientific and technical content of this news release.

**ABOUT COASTAL GOLD**

Coastal Gold is a Canadian mineral exploration company listed on the TSX Venture Exchange under the symbol "COD". Coastal Gold's flagship property is the Hope Brook Gold Project located in southwestern Newfoundland, which has previously disclosed totals of 19.9 million tonnes at 1.93 g Au/t for 1,239,000 ounces of indicated mineral resources and 1.3 million tonnes at 3.22 g Au/t for 138,000 ounces of inferred mineral resources. This previous mineral resource includes the newly defined high grade underground resource of 5,500,000 tonnes grading 4.77 g Au/t containing 844,000 ounces gold in the indicated category and 836,000 tonnes grading 4.11 g Au/t containing 110,000 ounces gold in the inferred category. In addition, there are previously disclosed inferred mineral resources in the tailings of 4.9 million tonnes at 0.85 g Au/t and 0.09% copper containing 134,500 ounces of gold and 9.5 million pounds of copper. For further details on the previously disclosed resource, see the Technical Report titled 2013 Mineral Resource Estimate Technical Report Hope Brook Gold Project dated December 4th, 2013.

***Cautionary Note Regarding Forward-looking Information***

*This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements regarding the estimation of mineral resources and the anticipated results of proposed future work at Hope Brook, including a PEA, the impact of any permitting, environmental or other farobctors, the price of gold and any potential to develop the project. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; future prices of mineral prices; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and shortages and other risks of the mining industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

*NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.*

FIGURE 1: VERTICAL LONGITUDINAL SECTION SHOWING DISTRIBUTION OF RESOURCE BLOCKS IN THE MINE ZONE AND 240 ZONE, HOPE BROOK GOLD PROJECT is available at the following address: http://media3.marketwire.com/docs/150112_COD_Figure1.pdf

**Contact**

Coastal Gold Corp.
Rob Hopkins, Manager, Investor Relations
416-861-5899
info@coastalgold.ca

Coastal Gold Corp.
Bill Pearson, President & CEO
416-861-2968
president@coastalgold.ca
www.coastalgold.ca