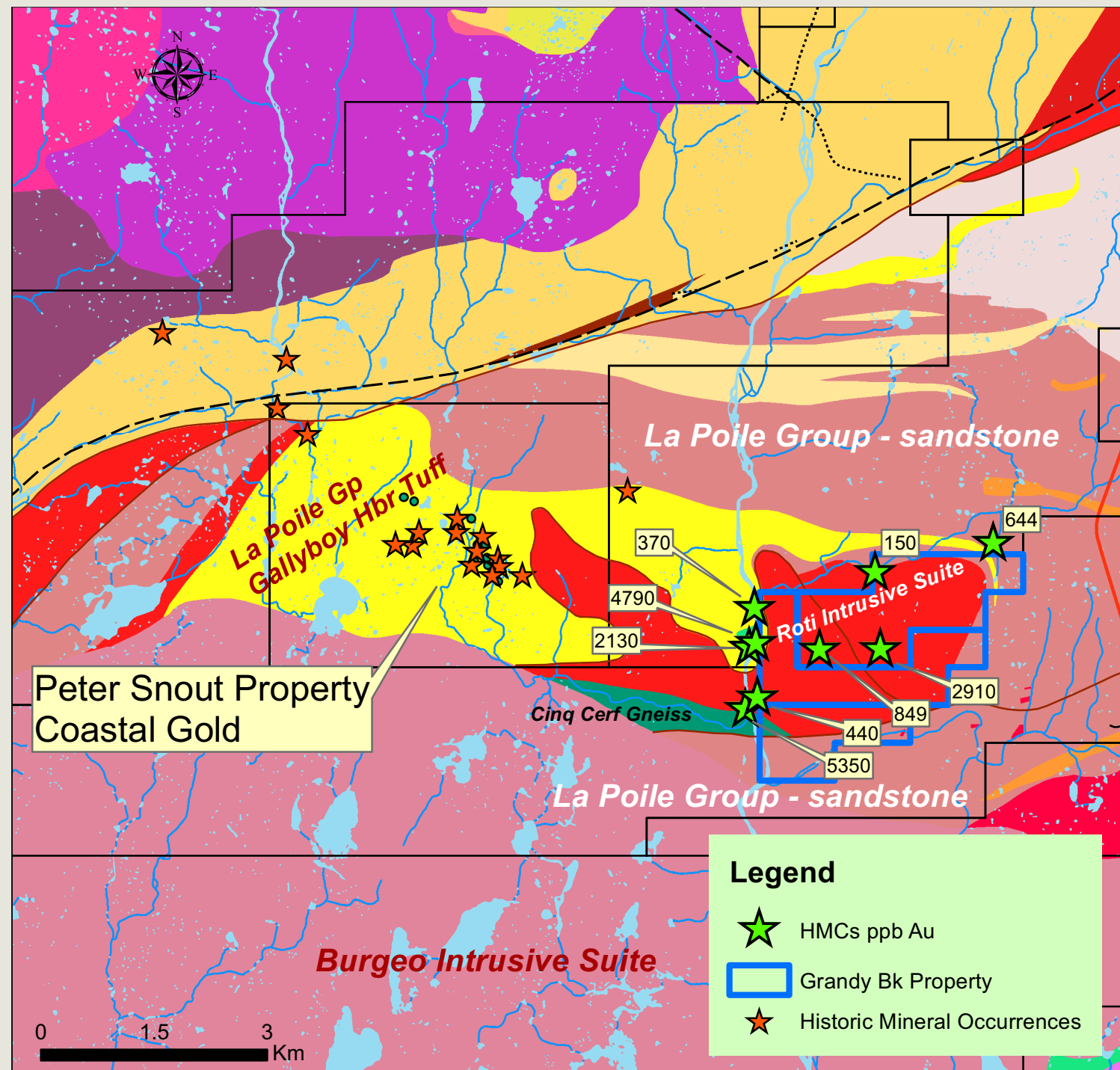


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Grandy Bk - Au



Map 2: Claims Location and Regional Geology

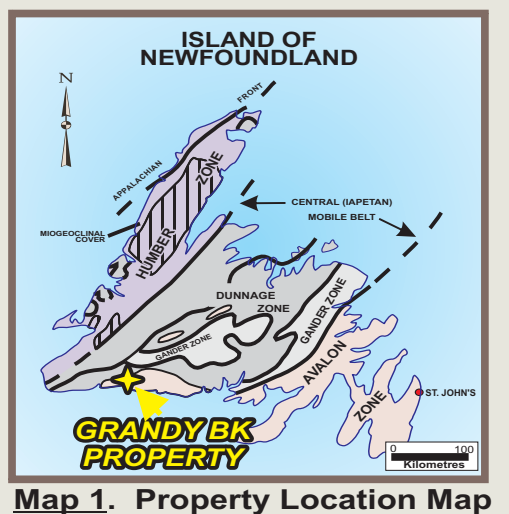
The *Grandy Bk Au Property* is located in southern Newfoundland, 22 km N of the town of Burgeo (Maps 1 and 2: NTS 11P/13) and adjacent to Grandy Bk. A paved road, the only land access route to Burgeo, runs N-S about 1 km east of the Grandy Bk project.

Regional Geology:

The Grandy Bk Property lies in the Avalon Zone of the Appalachian Orogen, near its generally east-west trending tectonic contact with adjacent rocks of the Dunnage Zone. Work by Dubé et al. (1995) indicated that the Roti intrusive suite and associated volcanic rocks of the Third Pond Tuff at Hope Brook are Neoproterozoic. Furthermore, mineralization and alteration at Hope Brook is late Proterozoic in age and associated with emplacement of the Roti Intrusive Suite. The Avalon Zone is characterized by substantial volumes of volcanic and plutonic rocks evolved under back-arc or continental arc settings, sometimes in broad association with terrestrial or marine siliciclastic sequences. These are related in time with development of auriferous, high level hydrothermal alteration systems along the entire length of the Avalon Zone and the nearby Hope Brook Au deposit is a major example of this metallogenic association. The Roti Suite is bounded to the north and south on the Grandy Bk property by Silurian overlap sequences of the La Poile Group, a product of extensive Silurian volcanism and sedimentation. The Cinq-Cerf gneiss, on the SW corner of the property, represents one of the oldest tectonic elements yet documented within the "Avalonian" basement complex of the Hermitage Flexure region and is dated at ca. 675 Ma (Vaquero et al. (2006).

Local Geology

This property is located about 10 km south of the Bay d'Est Fault. Much of the property is underlain by granitic rocks of the Roti Intrusive Suite. The La Poile Gp, to the north and south of the Roti Granite, comprises felsic and mafic volcanic, epiclastic and clastic sedimentary sequences



Map 1: Property Location Map

Source: Crisby-Whittle, L. V. J. (compiler) 2012: Partial bedrock geology dataset for the Island of Newfoundland. Newfoundland Department of Mines and Energy, Geological Survey, Open File NFD/2616 version 7.0. Mineral Occurrence Source: Mineral Occurrence Database - Geological Survey, Department of Natural Resources Website: <http://www.gov.nl.ca/mines&en/geosurvey>

Mineralization and Previous Work:

The Grandy Bk Property was staked to follow up gold-bearing Heavy Mineral Concentrates from 48 stream sediments collected as part of a detailed survey by Varna Gold Inc in 1987 (Wallace, 1988) (Map 2). A number of samples from streams flowing west from the southern part of Varna's property into Grandy's Bk produced a series of highly anomalous Au values up to **5.35 g/t Au** (Map 2). These streams drain an area dominated geologically by a small body of sub-volcanic Roti granite intruding both sedimentary and mafic volcanic rocks of the La Poile Gp. Varna did not locate the source of the gold.

Highlights:

- Historic HMCs up to 5.35 g/t Au
- Adjacent to Peter Snout Property
- Host rocks strongly correlate with Hope Bk Au Mine host
- Little follow-up to date

See Hylands and Copeland (2015) for a review of previous work in the area. There are multiple base metal/gold showings on Coastal Gold's Peter Snout property 2 km to the west. The showings typically comprise disseminated to stringer pyrite with base metal sulphides, barite and accessory silver and gold. The showings are hosted within felsic volcanics and sedimentary

rocks of the area that were previously ascribed to the La Poile Group, but the current thinking is that these rocks belong to the Neoproterozoic Third Pond Tuff and Whittle Hill Sandstone units present at the nearby Hope Brook Deposit. The mineralized sequence is exposed in several trenches completed in 1985. These exposures assay locally up to 0.23% Cu, 0.67% Zn, 0.50% Pb, >1.0% Ba, 41 ppm Ag and 570 ppb Au. Drillhole 82-1 encountered trace disseminated galena and sphalerite over 60 m with the best assays in a deeper section of the hole - 4.35 % Pb, 11.2 % Zn, 1.13 ozs/t Ag and 6.6% barite over 0.5 m within 5 m of 1.09% Pb, 3.52% Zn and 0.27 ozs Ag.

Model

The similar chemistry between the Roti Intrusive Suite and the rocks in the Peter Snout area, extends the potential host stratigraphy for high-sulphidation epithermal and porphyry deposits northeast to the Peter Snout area; with permissive stratigraphy now extending 45+ kilometres from the Grand Bruit area NE to the Burgeo highway. Similar chemistry with intrusive host rocks at Yanacochoa and in particular Lepanto suggest that the Roti Suite and Peter Snout rocks provide a permissive environment for the formation of Porphyry Cu-Au deposits within the Hope Brook Area (Copeland for Coastal Gold, 2014). This stratigraphy bears many similarities to that exposed at the Hope Brook Deposit to the southwest, where high-sulphidation epithermal Au-Cu mineralization is hosted by the Whittle Hill Sandstone, Third Pond Tuff and Roti Intrusive Suite. Several east to northeast trending high strain zones that cut La Poile Group and older sequences then merge with the Bay d'Est Fault zone. Some poorly-defined northeast shears of this association may be related to the Au bearing alteration zones within the La Poile Group such as those at Old Man's Pond and Phillips Brook. Based on results of the various deposit studies completed to date, the Hope Brook deposit and by extension the Peter Snout Prospect is considered to be most appropriately classified as a late Proterozoic, high sulphidation mineralizing system characterized by disseminated Au that shows deep epithermal affinity, possible original structural focus and genetic association with the Roti Intrusive Suite.

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