

**CORAL GOLD CORPORATION**  
**(TSX-V: CLH – C\$0.46; OTC: CLHVF – US\$0.35)**

Coral Gold Corporation is a gold exploration and development company focused on a group of properties at Tenabo in the heart of the Battle Mountain-Eureka Trend in Nevada that are contiguous with the one million ounce a year Pipeline gold mine operated the Cortez Joint Venture (60% Placer Dome, 40% RTZ).

Coral has three distinct properties: Robertson, the Excluded Claims, and Norma-Sass. This portfolio provides Coral with a spread of low-risk development opportunities (Robertson) and several exploration targets that include potentially significant, deep, high grade gold deposits comparable to those discovered in recent years on the Carlin Trend.

- The major gold mines in Nevada are located on two major northwest-striking Trends – Carlin and Battle Mountain-Eureka – and associated crosscutting Trends. Modern gold mining in Nevada started at Carlin with the development of near surface, low grade, open pit heap leach operations. However, in the past decade, development has been dominated by deeper, high grade sulfide, underground mines. This move to deeper targets is only just starting on the Battle Mountain-Eureka Trend.
- The 6,750-acre Robertson, 100%-owned by Coral, comprises indicated resources of approximately 11.0 million tons grading 0.053 oz/t gold (583,700 ounces) within an inferred mineral resource of 33.9 million tons grading 0.028 oz/t (939,900 ounces). Deep potential has not been fully tested.
- The 6,500-acre Excluded Claims, in which Coral has a 39% interest carried to production, present the most tantalizing prospect. The claims are at the northern end of a major structure that, to the south, hosts both Pipeline and the historic Gold Acres mines. Limited exploration has returned interesting results that, while not confirming the presence of a Pipeline-style “elephant”, leave open the possibility of discovering deep, high grade deposits. The Cortez JV, which operates both the joint venture covering the Excluded Claims and the adjacent Pipeline gold mine, has focused its exploration efforts on its recently announced discovery at Cortez Hills to the southeast of Pipeline.
- The 740-acre Norma-Sass (67% Coral) has had the least work to-date. Norma-Sass appears to be the southern, down-dip extension of the structure that hosted the historic Gold Acres open pit gold mine. Shallow drilling has indicated Carlin-style mineralization with the potential for deep, high grade deposits.
- We believe we are in the early phases of a major, secular bull market in gold that is being driven by political and economic instability at the macro level.
- Robertson, in particular, offers significant geologic leverage to rising gold prices. In addition, while the Excluded Claims and Norma-Sass may not host deposits of the size and grade of Pipeline, they could well host one or more deep, high grade deposits and the near-surface potential may become more attractive at higher gold prices.
- With a market capitalization of US\$14.5 million, Coral is being valued at \$25 per ounce of indicated resource, and just \$15 per ounce of inferred mineralization at Robertson. This compares with market averages of \$50 to \$60 per ounce of inferred mineralization – two to four times the valuation of Coral. Even this valuation range places no value on the exploration potential, despite the location and the fact that most exploration drilling has intersected anomalous gold values.

**See Important Notice on Page 2**

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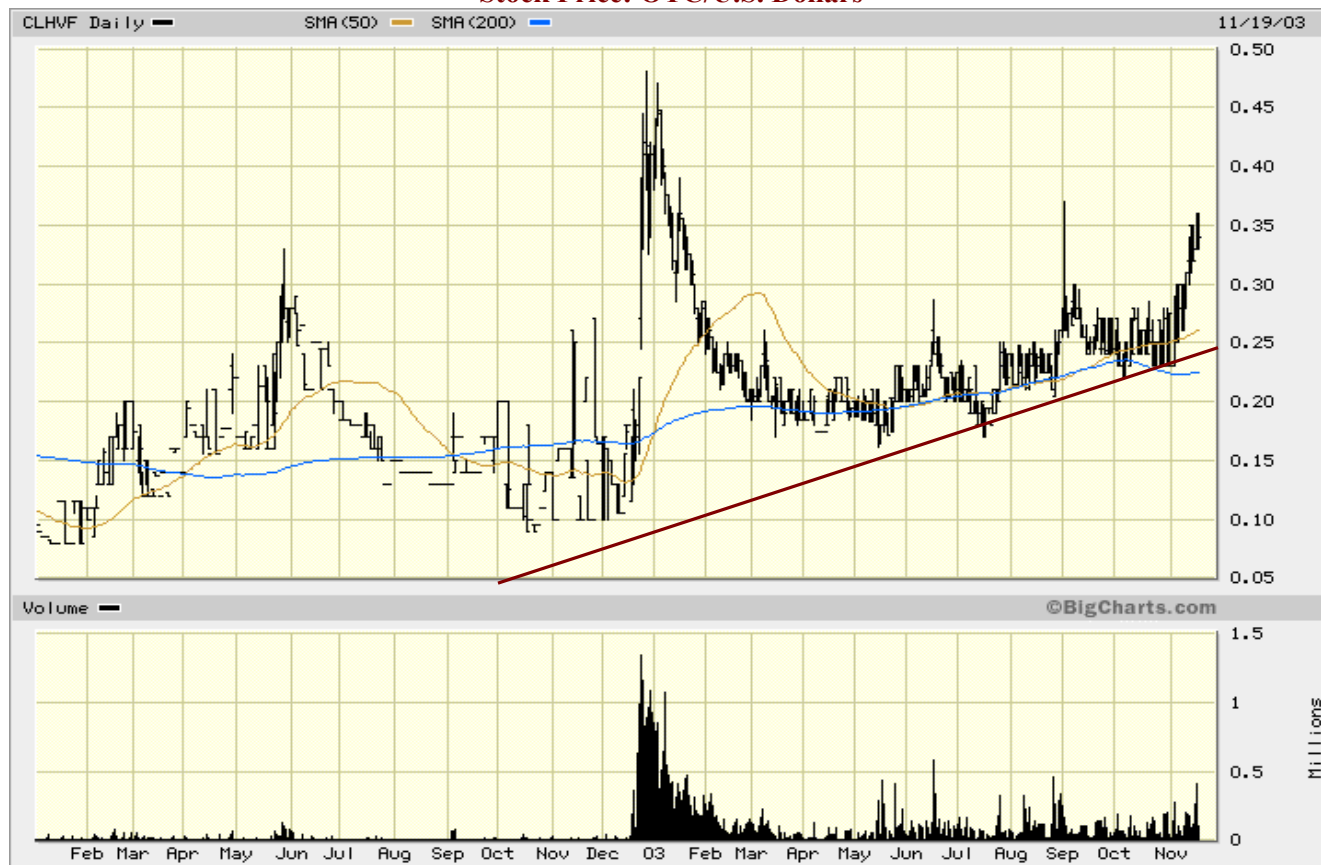
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The feasibility work completed by Amax and more recent work by Coral predates the introduction of National Instrument 43-101 and hence mineral categorization does not comply with standards of disclosure set forth therein.

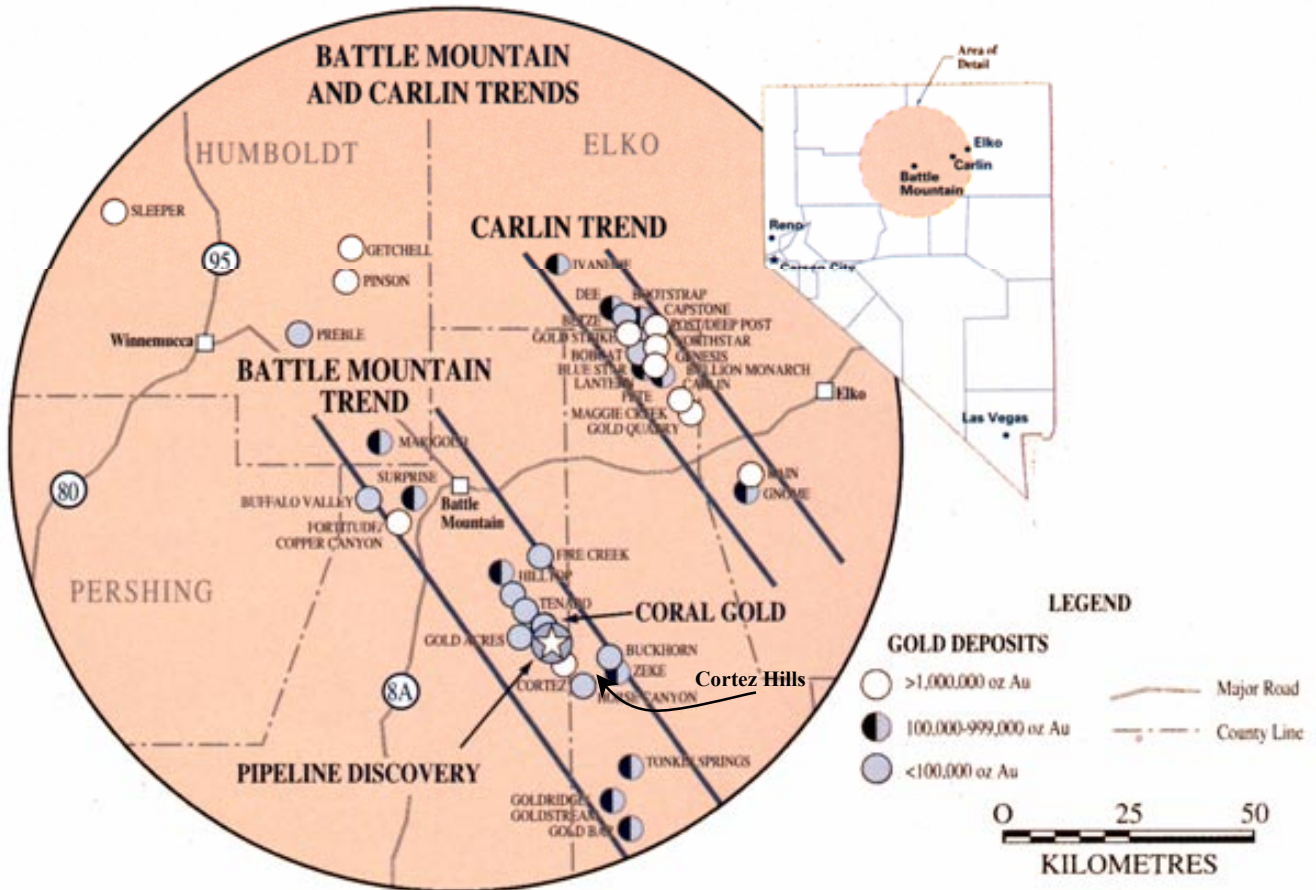
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**Stock Price: OTC/U.S. Dollars**



**PROPERTY LOCATION MAP**



**KEY STATISTICS**

|                              |           |        |                                 |            |        |
|------------------------------|-----------|--------|---------------------------------|------------|--------|
| Exchange                     | TSX-V     | OTC    | Shares out.                     | (millions) | 41.433 |
| Symbol                       | CLH       | CLHVF  | Insiders                        | (%)        | 5%     |
|                              | (C\$)     | (US\$) | Options & warrants              | (millions) | 12.925 |
| Price (11.18.03)             | 0.46      | 0.35   | Average exercise price          | (C\$)      | 0.353  |
| 52 week: high (12.27.02)     | 0.77      | 0.48   | Cash (7.31.03)                  | (C\$ mm)   | 0.527  |
| low (11.25.02)               | 0.17      | 0.10   | Cash on option/warrant exercise | (C\$ mm)   | 4.568  |
| Average daily trading volume | 85,100    | 97,000 |                                 |            |        |
| Market capitalization        | 19.06     | 14.50  | Indicated resources             | ('000 oz)  | 583.7  |
| Mkt cap/oz Ind. res          | (US\$/oz) | 24.85  | Inferred mineralization         | ('000 oz)  | 356.2  |
| Mkt cap/oz Total min.        | (US\$/oz) | 15.43  | Total mineralization            | ('000 oz)  | 939.9  |

*Note: Pro forma cash including recent private placements = C\$2.067 million*

## **SUMMARY AND OVERVIEW**

Coral has a large land position with a great address in the center of the Battle Mountain-Eureka Trend in Nevada. Indeed, Coral's Tenabo properties are immediately to the north and west of the Pipeline gold mine that currently produces approximately one million ounces of gold a year.

Since Amax Gold (now Kinross) completed a feasibility study in 1994 that focused on the potential for large-tonnage, low grade ore, Coral has refocused the project onto a more selective approach encompassing less tonnage but higher grade.

Coral has established an indicated resource of 10.97 million tons grading 0.053 oz/t, containing over 580,000 ounces of gold. In addition, previous work conducted by Amax includes 24 million tons of inferred resource grading 0.016 oz/t. We believe that this low grade material may have value in a \$400-plus gold price environment.

Tenabo has three of the key criteria for multimillion-ounce potential:

- location near a world-class mine
- significant gold mineralization already identified
- the physical dimensions to be able to host multiple, large deposits.

There has not been sufficient work conducted to know whether the deep, high grade potential will prove-up. Initial exploration was conducted before the focus in Nevada moved beyond shallow, low grade deposits.

Work under joint venture with Amax appears to have been focused on fitting the ore bodies into a corporate model – usually a recipe for failure. After an initial focus on the deeper potential, Amax switched to completing a feasibility study on shallow resources in a small part of the property that could have supported its earn-in.

Subsequent work with the Cortez JV has been stymied by the Cortez JV's success at Pipeline and, more recently, its Cortez Hills discovery. The terms of the joint venture covering the Excluded Claims requires the Cortez JV to carry Coral's 39% interest into production, creating an additional hurdle for the Cortez JV as operator.

**The bottom line for Coral is that it has an attractive project with over 580,000 ounces of indicated resources and the potential for significant discoveries.**

**We believe the existing resources could support a mine producing approximately 50,000 ounces a year for eight to ten years. Total cash and capital costs per ounce should be below \$300 per ounce, indicating operating profits (after depreciation) of US\$4 – 5 million a year assuming current gold prices.**

**The low grade material already identified, combined with the fact that Coral has not fully explored the property indicates the potential to extend the initial life and perhaps increase production, especially if the gold price increases.**

**However, the real blue sky lies in the deeper potential that has not been tested. We believe the company needs to conduct modern remote-sensing exploration of structures and potential mineralization at depth before commencing drilling of any targets identified in that program.**

Coral appears to be undervalued relative to other small producers or near-producers. The table below sets out some selected small producers.

| Selected Gold Companies Producing <100,000 Oz/Year |                |        |                     |                  |                      |                        |                      |                   |                           |         |                     |
|--|----------------|--------|---------------------|------------------|----------------------|------------------------|----------------------|-------------------|---------------------------|---------|---------------------|
| Company  | Stock Exchange | Ticker | Recent Price (US\$) | Shares Out. (MM) | Market Cap. (US\$MM) | Gold                   | Gold Resources       |                   | Market Capitalization to: |         |                     |
|  |                |        |                     |                  |                      | Production 2003 E      | Measured & Indicated | Mineral Inventory | Production 2003           | M&I     | Resources Inventory |
|  |                |        |                     |                  |                      | ----- (000's Oz) ----- |                      |                   | ----- (US\$/oz) -----     |         |                     |
| <b>Coral Gold</b>                                  | TSX-V          | CLH    | 0.35                | 41.4             | 14.5                 | -                      | 584                  | 940               | n/a                       | 24.8    | 15.4                |
| <b>Producers</b>                                   |                |        |                     |                  |                      |                        |                      |                   |                           |         |                     |
| Aurizon Mines                                      | TSX            | ARZ    | 1.46                | 97.0             | 141.4                | 30.5                   | 1,583                | 2,767             | 4,636                     | 89.3    | 51.1                |
| Canyon Resources                                   | AMEX           | CAU    | 3.59                | 21.1             | 75.6                 | 56.0                   | 75                   | 75                | 1,350                     | 1,010.0 | 1,008.1             |
| Claude Resources                                   | TSX            | CRJ    | 1.66                | 54.7             | 90.6                 | 52.0                   | 171                  | 535               | 1,742                     | 530.6   | 169.5               |
| McWatters  | TSX            | MWA    | 0.03                | 543.2            | 14.6                 | 105.0                  | 1,258                | 4,029             | 139                       | 11.6    | 3.6                 |
| River Gold Mines                                   | TSX            | RIV-T  | 3.30                | 41.8             | 137.8                | 71.6                   | 372                  | 633               | 1,924                     | 370.3   | 217.8               |
| <i>Average</i>                                     |                |        |                     |                  |                      |                        |                      |                   | 1,460                     | 133.0   | 57.2                |
| <i>High</i>  |                |        |                     |                  |                      |                        |                      |                   | 4,636                     | 1,010.0 | 1,008.1             |
| <i>Low</i>   |                |        |                     |                  |                      |                        |                      |                   | 139                       | 11.6    | 3.6                 |
| <b>Near-term producers</b>                         |                |        |                     |                  |                      |                        |                      |                   |                           |         |                     |
| Metallic Ventures                                  | TSX            | MVG    | 6.21                | 42.0             | 261.1                | -                      | 3,206                | 4,826             | n/a                       | 81.5    | 54.1                |
| Capital Gold                                       | NASDAQ         | CGLD   | 0.28                | 44.0             | 12.3                 | -                      | 358                  | 1,316             |                           | 34.4    | 9.4                 |
| <b>Implied valuation of CLH: Canadian funds</b>    |                |        |                     |                  |                      |                        |                      |                   |                           |         |                     |
| <i>Average</i>                                     |                |        |                     |                  |                      |                        |                      |                   |                           | \$2.53  | \$1.75              |
| <i>High</i>  |                |        |                     |                  |                      |                        |                      |                   |                           | \$19.23 | \$30.90             |
| <i>Low</i>   |                |        |                     |                  |                      |                        |                      |                   |                           | \$0.22  | \$0.11              |
| <i>Near-term producers</i>                         |                |        |                     |                  |                      |                        |                      |                   |                           | \$1.10  | \$0.97              |

Above is based upon publicly disclosed information only.

To put these numbers into perspective, typical finding costs (other than in mine extensions) are approximately \$25 per ounce; the market is valuing these producers and near-producers at little more than the value of finding their resources, with no allowance for their exploration potential or other work.

The gold share bull market that commenced in 2001 has had two phases so far. Initially, the market was led by the established second-tier producers – Goldcorp, Agnico Eagle, Meridian, Glamis – as sophisticated gold investors focused on companies with strong production growth. This phase ended in the spring of 2002. In the second phase of the market, big producers such as Newmont Mining and Anglo Gold have led the way.

We believe that, as the market matures, investors may begin to focus on smaller companies with near-term production and exploration upside. We believe this phase of the market may result in significantly higher valuations for the smaller producers and near-producers.

## FINANCIAL REVIEW

As an exploration company, Coral has no operating revenues. It is typical of smaller companies in that it has raised money on an as-needed basis and has operated with minimal general and administrative expense. Since the second quarter balance sheet dated July 31, 2003 that is summarized below, the company has raised an additional C\$1.54 million through the private placement of six million units, each unit comprising one share and one warrant to purchase an additional share at between C\$0.31 and C\$0.36 over the next two years.

Looking ahead, we believe Coral could place the current mineable resource into production for approximately \$15 million and we would expect mining costs to be \$225 – \$250 per ounce, based on the size of the operation, grade and strip ratio. If the project were funded 70% debt, 30% equity, that would imply an addition financing equity raise of \$5 million before expenses – or say 10 million shares at US\$0.50 per share. The company would then have approximately 51 million shares in issue.

With gold at \$375, our simple mine model indicates operating income of \$7.5 million, or \$0.15 (C\$0.20) per share. After deducting depreciation, amortization and interest, pre-tax income would be about \$5.5 million, or \$0.10 (C\$0.14) per share.

That would indicate net income of around \$0.07 – or C\$0.10 – per share. Even a historically modest earnings multiple of 10x would indicate a stock price of C\$1.00 per share.

### Balance Sheet July 30, 2003 (Canadian funds)

|  | July 31, 2003    | January 31, 2003 |
|--|------------------|------------------|
| <b>Assets</b>                            |                  |                  |
| Cash                                     | 469,406          | 336,034          |
| Accounts receivable and prepaid expenses | 15,492           | 37,287           |
| Marketable securities                    | 57,359           | 57,359           |
| Due from related parties                 | 44,319           | -                |
| Current assets                           | 586,576          | 430,680          |
| Investments                              | 91,582           | 91,582           |
| Equipment, net of depreciation           | 3,556            | 3,418            |
| Mineral properties                       | 7,350,521        | 7,159,261        |
| Reclamation deposit                      | 567,269          | 1,203,153        |
| Total assets                             | 8,599,504        | 8,888,094        |
| <b>Liabilities</b>                       |                  |                  |
| Accounts payable and accrued liabilities | 146,009          | 230,766          |
| Advanced payable                         | 130,478          | 156,733          |
| Current liabilities                      | 276,487          | 387,499          |
| Paid-in capital                          | 27,536,970       | 27,379,052       |
| Accumulated deficit                      | (19,213,953)     | (18,878,457)     |
| <b>Shareholders' equity</b>              | <b>8,323,017</b> | <b>8,500,595</b> |
| Total liabilities                        | 8,599,504        | 8,888,094        |

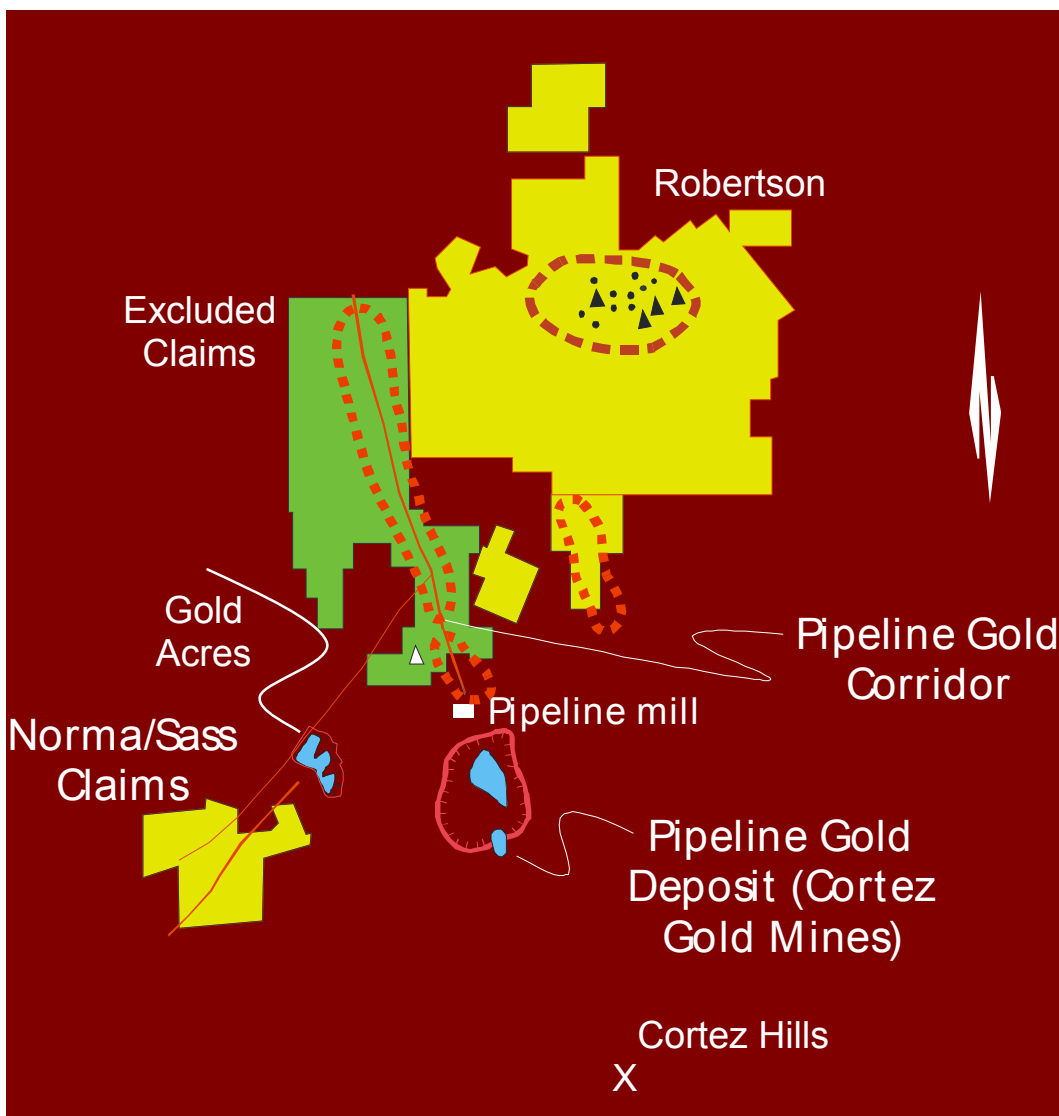
**CORTEZ TREND, NEVADA**

Coral is focused on three properties strategically located on the Battle Mountain-Eureka Trend in Nevada’s Crescent Valley: the 100%-owned Robertson property, the 39%-owned Excluded Claims, and the 33%-owned Norma/Sass Claims.

The Coral properties are immediately to the north and west of the Pipeline mine operating by the Cortez Joint Venture (“Cortez JV”) and jointly owned by Placer Dome and Kennecott, the North American mining arm of RTZ plc. Despite the close proximity of each property, they are distinct both in terms of ownership and geology.

The map below shows the proximity of existing and former mines. The Cortez JV discovery at Cortez Hills is shown to the southeast of Pipeline and the Coral Gold properties. The Coral Gold properties are shown in more detail below.

**Battle Mountain – Eureka Trend, Nevada**



## **BACKGROUND**

Tenabo is located in eastern Lander County, Nevada, approximately 27 miles southeast of Battle Mountain and 60 miles southwest of Elko. Access to each of the properties is from Nevada State Highway 306.

Historic mining at Robertson dates from 1905. Modern exploration started in the 1960s and in 1974, Aaron Mines Ltd opened a pilot-scale open pit heap leach gold mine. By 1980, Aaron had consolidated claims in the area and, in 1986 Coral acquired Aaron's interest and, in 1988 recommenced small-scale mining.

## **PROPERTY OWNERSHIP BACKGROUND**

In 1990, Coral entered into an exploration and development joint venture with Amax Gold Inc. under which Amax could earn a 60% operating interest by delivering a bankable feasibility study. In 1991, the area was given additional credibility by Placer's announcement of what was to become the Pipeline mine to the south of Robertson.

By 1994, Amax had completed a drill program and an initial feasibility study. However, the study was not "bankable" and the joint venture agreement was restructured such that part of the property, the "Excluded Claims", became subject to a 39% Coral, 61% Amax arrangement while the remainder of the property, the Robertson property, was returned 100% to Coral.

Amax subsequently sold its 61% interest in the Excluded Claims to the Cortez JV. In 1998 the Cortez JV entered into an earn-in agreement covering the Robertson property. However, in 1999 before it had conducted significant work, Placer as operator of the Cortez JV terminated the agreement with Coral as part of its major cutback in worldwide exploration.

Subsequently, there was a dispute between Coral and the Cortez JV in connection with some of the Excluded Claims, which was settled in 2001. In June 2002, the Cortez JV dropped rights to certain of the Excluded Claims. Meanwhile, ownership was complicated by reclamation and closure of the pilot-scale plant operated in 1988-89. Placer had posted bonds to cover reclamation and closure and final release of Robertson occurred in early 2003 when Coral secured a bond reduction to approximately US\$0.4 million from \$2.0 million reflecting work already completed and was able to release Placer from any guarantees.

## **ROBERTSON**

Robertson, which is located north-northeast of Pipeline, comprises 443 unpatented and 8 patented mining claims covering approximately 8,000 acres administered by the Bureau of Land Management. Coral owns 288 claims outright and has leases or leases with purchase options covering the remaining 155 claims.

## **Geology**

Robertson consists of a series of flat-lying stacked thrust sheets composed of siliciclastic Ordovician through Devonian rocks. The district is dominated by a thick sequence of middle to late Devonian argillite, chert, siltstone and shale with minor intermediate volcanics.



The chert is structurally overlain by a sequence of weathered siltstone and sandstone to the north and east and is intruded by an Eocene composite granodiorite stock with associated dykes, sills and plugs that range from rhyolite to diorite.

Most of the identified gold mineralization lies along or adjacent to the northern edge of the stock. Sedimentary and volcanic rocks have undergone significant hydrothermal alteration that has produced a halo of layered sequences of biotite, quartz and hornfels extending as much as 2,000 feet from the stock.

Intense fracturing and the thin bedded nature of the sedimentary sequences result in complex alteration patterns. Potassic alteration is widespread and strongly developed in the early phases of the intrusion, often spatially associated with gold mineralization.

The Porphyry Zone on the eastern part of the property occurs along and near the contact between a fine-grained diorite sill and hornfels and skarn units to the north. This deposit is believed to be a proximal gold/copper skarn system.

The 39A zone, located to the west at the intersection of two high-angle faults, is about 1,000 feet from the granodiorite stock and is believed to be a distal skarn deposit.

### Gold Resources and Mineralization

|                                       | Tonnage<br>(MM st) | Gold Grade<br>(Oz/st) | Contained Gold<br>(oz) |
|---------------------------------------|--------------------|-----------------------|------------------------|
| <b>Indicated resources</b>            |                    |                       |                        |
| 39A Zone                              | 2.80               | 0.101                 | 282,800                |
| Porphyry                              | 3.95               | 0.040                 | 158,000                |
| Gold Pan                              | 2.97               | 0.038                 | 112,860                |
| Altenburg Hill                        | 1.25               | 0.024                 | 30,000                 |
| <b>TOTAL: Indicated resources</b>     | <b>10.97</b>       | <b>0.053</b>          | <b>583,660</b>         |
| <b>Inferred Mineralization</b>        |                    |                       |                        |
| Porphyry extensions                   | 16.05              | 0.015                 | 242,000                |
| Gold Pan                              | 3.13               | 0.019                 | 57,940                 |
| Altenburg Hill                        | 0.85               | 0.012                 | 9,900                  |
| Widow's Zone                          | 2.90               | 0.016                 | 46,400                 |
| <b>TOTAL: Inferred mineralization</b> | <b>22.93</b>       | <b>0.016</b>          | <b>356,240</b>         |
| <b>TOTAL: all categories</b>          | <b>33.90</b>       | <b>0.028</b>          | <b>939,900</b>         |

*Source: Company reports and Proteus Capital estimates*

The table above sets out the indicated resources and inferred mineralization based on the initial work conducted by Amax and subsequent work by Coral. Coral has focused on enhancing the quality of the resources within the broader scoping work conducted by Amax.

Within the inferred resources, there is 6.8 million tons grading 0.065 oz/st with an average strip ratio of 2.7:1 that has been outlined for detailed mine planning. This material should be economic at prices in the \$300 per ounce range – Coral has not run detailed mine models but the tonnage, grade, depth and strip ratio indicate strong economics.

In its 1994 feasibility study, Amax focused on 14 million tons grading 0.019 oz/t at Porphyry and the additional 5 million tons of low grade material at Altenburg Hill and the Widow's zone. Amax appears to have been focused on trying to establish a larger tonnage of mineable ore instead of the potential at the 39A zone.

It is important to recall that Amax itself was undergoing a major corporate change at the time – the company's initial success at Sleeper and Wind Mountain was being overtaken by the corporate merger of Amax Gold's parent, Amax Inc with Cyprus Minerals, the subsequent sale of Amax Gold to Kinross, and the focus on large-scale projects in Siberia, Alaska, and South America. Indeed, Coral is not the only company to have been frustrated under joint ventures with Amax during the early 1990s.

The additional mineralized material, totaling 23 million tons grading 0.016 oz/t provides geologic leverage to rising gold prices but is unlikely to be economic below \$400 gold.

### **Porphyry Zone**

Amax reported a mineable geologic reserve of 14 million tons grading 0.019 oz/t gold with a strip ratio of 0.72:1 and recovery of 67% from ore crushed to minus ½ inch within a drill-indicated resource of 20.0 million tons grading 0.020 oz/t gold. Amax concluded that the project was marginal.

However, Coral recognized that much of the reserve at Porphyry was contained in a series of small, higher-grade zones along the eastern edge of the deposit. Reworking the pit plan has resulted in an open pit indicated resource of 4.0 million tons grading 0.040 oz/t gold with a strip ratio of 1.5:1.

The new analysis also recognized that high grade, structurally controlled intercepts ranging up to 1.0 oz/t gold indicated underground potential that had been overlooked in the initial analysis.

This potential needs to be explored further. Previous exploration using vertical reverse circulation drilling indicates a small tonnage of high grade material averaging 0.345 oz/t. These intercepts are within 400 feet of surface and therefore could be readily accessible by a low-cost ramp.

### **39A Zone**

The 39A Zone to the west of the property is a stratiform, roughly X-shaped body approximately 1,400 feet long north-northeast and 900 feet long northwest. Each limb averages approximately 120 feet wide and is about 150 feet thick. The zone plunges to the east – the two limbs both plunge at about 18° to the northeast and southeast respectively – starting at about 300 feet below surface in the west and extending to approximately 800 feet in the east.

Work by Amax and subsequent analysis has established an indicated resource of 2.80 million tons grading 0.101 oz/t with an average strip ratio of 4.5:1. McClelland Labs of Sparks, Nevada conducted metallurgical tests indicating recoveries of 93 to 96% using a grind to 80% passing –35 mesh.

### **Other Zones**

Amax identified total drill-indicated resources of 35.8 million tons grading 0.028 oz/t gold. This included resources at Porphyry and 39A, as well as addition resources at Altemburg Hill, Gold Pan, and Widow's Zone.

Amax considered approximately 19 million tons in its feasibility study. Coral has focused on 8.3 million tons within this, although the other resources look increasingly prospective in a \$400 gold price environment.

### **Exploration Potential**

There has been extensive drilling at the Robertson property, totaling in excess of 330,000 feet. Nearly every hole has encountered one or more intercepts, most of which are outside the current resource areas and have not been offset or tested further.

There are several identified exploration targets as well as some more conceptual prospects. It should be remembered that for much of the time Coral has owned the property, it has either been subject to joint venture with a major gold mining company or the gold price has been depressed.

The most immediate exploration potential is the areas immediately surrounding the Porphyry and 39A zones. A rising gold price will almost certainly offer geologic leverage as addition resources become economic.

In addition, there are several targets that have been the subject of limited drilling and need further work.

### **Lander Ranch**

Lander Ranch is located at the northern end of Robertson. This area is underlain by siliciclastic rocks in the upper plate of the Roberts Mountain thrust fault and was identified as a result of significant gold values in soil and rock samples associated with the intersection of high-angle gold bearing structures. In 1999, Cortez drilled a 1,500-foot hole targeting the plunging intersection of these faults.

The hole logged two intercepts starting at 1,140 feet comprising 60 feet of 0.051 oz/t gold and, 70 feet below the bottom of this section, a 110 feet averaging 0.037 oz/t. There has been no follow-up drilling in this area. The potential is for a steeply dipping target with initial open pit and subsequent underground potential, depending on the size, grade and continuity.

### **Deep Targets**

Early drilling by Amax identified possible epithermal quartz-calcite veins with coarse-grained sulfides. One hole intersected a narrow, five-foot interval grading 1.5 oz/t gold at 1,100 feet while another, angle hole intersected 5 feet of 2.9 oz/t gold beneath 15 feet of 0.15 oz/t gold.

Further work would be needed to establish whether these two intercepts, approximately 250 feet apart, are the same structure or whether they represent distinct vein systems. Amax noted, “comby quartz-cacite veins” associated with sericitic and silicic alteration “were frequently encountered.”

This initial work indicates the potential for high grade vein mineralization that could be amenable to underground mining.

Amax also started a program to test for lower plate carbonate rocks. Three holes drilled 2,000 feet apart to a depth of approximately 1,500 feet failed to intersect the lower plate rocks. However, two of the three did encounter similar mineralization in terms of grade, thickness and rock types at similar depths, indicating the potential for a single large zone. This work also led to the discovery of 39A Zone.

One hole, AT-3 encountered three zone comprising 75 feet of 0.061 oz/t gold starting at 845 feet; 50 feet of 0.020 oz/t gold starting at 940 feet, and 20 feet of 0.082 oz/t gold starting at 1,120 feet.

An offset, drilled 250 feet to the east, encountered 40 feet of 0.041 oz/t gold from 770 feet and 110 feet grading 0.036 oz/t starting at 880 feet. A second offset collared 1,000 feet northwest of AT-3, reported 30 feet of 0.092 oz/t gold starting at 870 feet.

In a \$300 gold environment, the grade and depth did not encourage further exploration. However, at the current gold price, these initial holes indicate the potential for a large, albeit low grade and relatively deep target.

If some higher grade zones could be identified, or if there is sufficient mineralization above the target to reduce the potential strip ratio and the deep target proves to be continuous, it could add significant property potential.

Furthermore, the granodiorite Temabo intrusion at the center of the property is generally assumed to be a stock. However, it appears to be either a laccolith or, perhaps less likely, a flat-topped, rootless intrusion that may have been cutoff by faulting, that may be analogous to the Goldstrike stock in the Carlin Trend.

At Goldstrike, a number of major sills create barriers that are impermeable to gold-bearing fluids, resulting in high grade gold in the footwalls of the sills. If the Tenabo stock is similar to Goldstrike, there is the potential for significant gold deposits at depth, especially along the northern contact of the intrusive.

#### **EXCLUDED CLAIMS**

The Excluded Claims comprise a total of 219 claims covering approximately 6,500 acres located to the west of Robertson and north-northwest of Pipeline. These claims are 61% owned by the Cortez JV and 39% owned by Coral, with Coral carried into production by the Cortez JV.

The main focus is on the claims to the west of Robertson, and the contiguous Blue Jay and JW Gold Acres blocks to the south and east of the main block. The Excluded Claims are accessed from the Pipeline access road.

### **Geology**

The Excluded Claims cover the intersection of the Gold Acres Fault with the regional Pipeline Fault in the northern half of a structural window through which broadly folded carbonate rocks of the lower plate of the Roberts Mountains thrust fault are exposed.

This northern portion is a wedge-shaped horst block bounded to the east by the Pipeline fault, which strikes north-northwest and dips steeply to the east, and to the west by the northeast-striking Gold Acres fault that dips steeply to the east. These faults are significant since they are believed to have been the conduits for Carlin-style mineralization at the Pipeline and Gold Acres mines.

Sedimentary rocks exposed in the Gold Acres window comprise limestone, lesser siltstone and shale of the Devonian Wenban Limestone. A sequence of Mississippian to late-Devonian shales comprising weathered, platy, dolomitic siltstones overlays the Wenban to the north. Thick sequences of dark gray, carbonaceous, laminated dolomitic siltstones of the Silurian Roberts Mountain Formation underlay the Wenban. This latter unit is exposed in the Gold Acres and Pipeline pits, and is the principal host rock.

The high-angle Gold Acres and Pipeline faults define the margins of the window. The sedimentary sequence is also cut and locally offset by low-angle faults that are often a focus of carbon enrichment and an important control for gold distribution.

### **Exploration Activity**

The Cortez JV completed detailed geologic mapping and sampling and then commenced a wide-spaced drill program focused along the Pipeline Fault.

This program, combined with later drilling by the Cortez JV, can probably best be described as being tantalizing but inconclusive. The positives are confirmation of the Roberts Mountain Formation with significant shearing, especially near the upper contact with the Wenban limestones. This thick zone hosts anomalous arsenic and mercury values and traces of gold with widespread hydrothermal alteration, including silicification, decalcification, and carbonization.

Five shallow holes in the JW Gold Acres block offset a hole on the Pipeline side of the property boundary that reportedly intersected over 50 feet of 0.10 oz/t gold. These five holes, which did not reach the Roberts Mountain limestones, encountered anomalous to low-grade mineralization – one hole returned 70 feet of 0.067 oz/t gold starting at 260 feet. In fact, that hole also hit 20 feet of 0.011 oz/t gold with 60 feet that was not sampled because of poor recovery from the reverse circulation drilling between the two intercepts.

During the past two years, the Cortez JV has focused exploration on its Cortez Hills discovery to the southeast of Pipeline.

### **Potential**

The Excluded Claims have not been adequately tests. Results to date have not confirmed the northern extension of the Pipeline-style potential; not have they even come close to condemning the property.

Many of the characteristics of the Pipeline and Gold Acres mines are present. The history of the Carlin and, more recently, the Battle Mountain-Eureka Trend is that major deposits occur in clusters that include deep, high grade, structurally controlled deposits. These targets have little or no surface expression and require intensive high-tech exploration techniques and carefully targeted, close-spaced drilling.

We believe that the ownership structure, whereby the Cortez JV has to fund all of the development at the Excluded Claims but only gets 61% of the reward, has a significant impediment to the early development of the block. In particular, the Cortez JV's exploration successes nearby which do not carry this burden have become the new focus.

In our opinion, the Excluded Claims cry out for thorough analysis and focused drilling of prospective, deep, high grade targets.

### **NORMA-SASS CLAIMS**

The Norma-Sass Claims are located southwest of the Gold Acres mine, and are not contiguous with the core Robertson/Excluded claims to the north. The claim block comprises 37 unpatented federal mining claims, administered by the Bureau of Land Management, totaling approximately 740 acres.

Coral acquired the property in 1989 and it became part of the Amax joint venture and ultimately part of the Excluded Claims. In 1995, Coral entered into a joint venture with Levon Resources, Ltd under which Levon could earn a 50% interest in the Coral's participation in the project. As part of the Excluded Claims, Cortez acquired an option to earn up to a 70% interest, which would have reduced the Coral/Levon interest to 15% each – Levon earned its interest in 2001.

Cortez dropped its option in April 2002 and, later that year, Coral, Levon and GoldFranchise Resources, Corporation ("GFR") entered into an agreement under which GFR can earn a one-third interest in the property by spending a total of \$300,000 on exploration in 2003 and 2004. Thus, assuming GFR completes this program, ownership will be equally divided amongst Coral, Levon and GFR.

Access to Norma-Sass is from Highway 306, turning onto a county-maintained gravel road to Carico Lake Ranch, which runs south of Pipeline, and then by well-maintained gravel road and ultimately a dirt road to the center of the property.

The property is on the extreme eastern flank of the Shoshone Mountains, at an elevation of between 5,600 feet and 6,200 feet.

### **Background**

Norma was originally a turquoise project that operated and produced a limited quantity of turquoise until the 1960s. Additional Norma claims and the Sass claims were added when Gold Acres started production in the 1930s.

Modern exploration started in the mid-1980s when Gold Fields Mining Corporation (GFMC), the US arm of London-based Consolidated Goldfields, acquired the property. In 1989, when Consolidated Goldfields became embroiled in a series of hostile takeovers and corporate changes, GFMC dropped the property opening the way to Coral's acquisition.

In 1990, Amax completed geologic mapping and surface sampling, and drilled one 640-foot reverse circulation hole. In 1995, Levon conducted limited geophysics and completed eight reverse circulation drill holes totaling 8,295 feet. In 2001, the Cortez JV drilled five holes totaling 6,460 feet, ranging from 1,060 feet to 1,500 feet.

### **Geology**

Norma-Sass is located on the southwest margin of the Gold Acres window described under the Excluded Claims, above. Near the Gold Acres mine, a strongly quartz-sericite-pyrite altered quartz monzonite stock intrudes the lower plate carbonate rocks. At Norma-Sass, fine grained skarn/hornfels with strongly developed marble form several persistent skarn horizons – one of which clearly marks the Roberts Mountain Thrust Fault contact.

This skarn formed an impermeable barrier to gold-bearing fluids and therefore indicates the top of the main gold target. At Gold Acres, there is a major bedded low-angle shear zone that dips to the south, immediately below the thrust fault, that provides the focus for gold mineralization and carbon enrichment. Similar controls are found at Pipeline and Carlin.

### **Mineralization**

Mineralization at Norma-Sass appears to be similar to Gold Acres, with two distinct stages comprising an initial base-metal rich skarn mineralization and a later Carlin-style gold-arsenic-mercury rich stage. Early skarn-forming fluids migrated along the Roberts Mountain Thrust Fault and replaced favorable limestone strata.

Late-stage Carlin-style fluids also migrated along structures, including the possible reactivated Thrust Fault. The skarn/hornfels appear to have acted as a barrier to the Carlin-style fluids. Drilling has established strongly developed Carlin-style mineralization along the eastern side of the claims.

### **Exploration Potential**

Norma-Sass is a highly prospective, early-stage exploration project. Limited shallow drilling has established the presence of significant Carlin-style gold mineralization. The exploration target is high grade Carlin-style gold mineralization hosted by sheared carbonate strata in the upper portions of the lower plate rocks. These rocks, which host major disseminated gold deposits in the area, including Pipeline, are believed to be relatively shallow.