Venture Research LLC

Report Nov. 1, 2010

Coastal Pacific Mining Corp OTC BB: CPMCF.OB

Recent Price: $0.33

Recommendation: Speculative Buy

Price Target: $1.40

Summary: Coastal Pacific is a junior exploration company incorporated in Alberta, Canada with activities to explore, develop and mine gold and silver resources in North and South America. The Company has joint venture agreements/options on properties in Ontario, Canada and Huancavelica Province, Peru.

At a Glance	
TICKER	CPMCF
FISCAL	Apr 30
SECTOR	Mining
RECENT PRICE (12/21/09)	$0.33
MARKET CAP $mil	$73.9
52 –WEEK HIGH	$0.35
52-WEEK LOW	$0.002
PRICE/BOOK VALUE (mrq)	N/A
SHARES OUTSTANDING (June 15,2010)	224.8 mil
FULLY DILUTED (June 15,2010)	237.2 mil
FLOAT	92 mil
DAILY VOLUME(50 DAY)	6.8 mil
INSIDER SHAREHOLDERS %	41.0%
CEO	Joe Bucci

Investment Rationale:

- Emerging play on precious metal mining claims.
- Joint venture/option agreements in prospective regions appear lucrative
- Experienced and capable management team
- Multiple projects (Canada, Peru)
- Multiple target metals (Peru: silver, lead, zinc. Canada: gold)

Company History

The Company was incorporated in Alberta Canada on March 27, 20101 as "Coastal Pacific Mining Company". A restructuring and recapitalization occurred June 15, 2010 when $267,809 of debt was exchanged for 53,560,794 common shares at a rate of $0.005/share. The former CEO resigned on September 2, 2010 and Mr. Joe Bucci was appointed President, Secretary-Treasurer, interim CEO/CFO and Director. My David Gibson was appointed Director and Vice President- Exploration on that date. Mr. Bucci was the primary owner of Ox Financial who was a creditor to the Company and received 36,882,784 shares in the June recapitalization.

Projects

Hotstone Gold Property. Ontario ,Canada The Company has an option agreement to acquire a 50% undivided interest in five claims on a 120 hectare (296 acres) site in Greenlaw Township, Ontario, Canada which is 120 km southwest of Timmins, Ontario, and about the same distance northeast of St. Saint Marie, Michigan. Terms of the option are to issue 1 million restricted shares, make a $100,000 payment and fund a $1.5 million exploration budget within 12 months. The cash owed is due in two payments of $50,000 on December 6, 2010 and March 6, 2011.

The Hotstone property is located in the Swayze Greenstone Belt, which is an extension of the well known Abitibi Greenstone Belt -- home of producing gold camps such as Kirkland Lake, Matachewan, Porcupine (Timmins) and the emerging West Porcupine Gold Mining Camp. This region is called the southwestern extension of the Abitibi Greenstone belt ("Abitibi"). This belt is often referred to as the Canadian Fort Knox, as it has yielded over 160 million ounces of gold production

The Abitibi is one of the largest greenstone belts in the world. These geologic bodies are considered prime hunting grounds for large mineral deposits of metals including gold, silver, copper, and zinc. The Abitibi is one of a handful of major mineral regions that extends from the great gold discoveries of Alaska to Greenland. Notably, the Porcupine Mining District (Timmins), which has produced in excess of 70 million ounces of gold from such famous producers as the Hollinger Mine, McIntyre Mine, Pamour Mine and Canada's longest continuously producing gold mine with 100 years production, the Placer Dome (Dome) Mine. The Kirkland Lake area, known as the Larder Lake Mining District, has produced in excess of 24 million ounces of gold with such famous producers as the Wright-Hargreaves Mine, the Lakeshore Mine and the Macassa Gold Mine.

A work program to expand on the resource and confirm results from 1998 is being commissioned by our VP of Exploration, David L. Gibson. The Property has been the subject of gold exploration since the early 1930s, focused on a Quartz-Carbonate-Fuchsite Alteration shear zone, containing numerous gold showings, thought to be associated with an intrusive at depth.

Gold has been found within this large quartz-carbonate fuchsite alteration zone, which spans the extent of the Property from the east to the west. The alteration zone can be traced for over 1600 meters across the Property and was stripped for 600 meters in length by Noranda in the early 1980s. Anomalous gold values can be found throughout the alteration zone, with the best assays from quartz lenses, veins and the high-grade pits. A number of quartz veins and lenses found within the shear zone carry high gold values. Lenses within the shear zone vary in size from 8 feet long and 2 feet wide to 200 feet long and 4 feet wide with high erratic gold values. Two high-grade pits exist on a large quartz vein within the alteration zone where samples of up to 210 g/t gold or approximately 7.4 ounces per ton have been reported. In 1997, Orezone Resource Inc. obtained samples of 24 g/t gold or .85 ounces per ton over 0.4 meters from these high-grade pits on the quartz vein.

Within the Property there exists a large porphyry unit, which is coincidental with the alteration zone and a Fraser Filter E.M. anomaly. This anomaly runs the near extent of the property for 1200 meters and is associated with a drill hole put down by Noranda in the 1980s, which intersected 29 meters of well-mineralized quartz-feldspar porphyry. Drill logs exist, yet Noranda, as was a common practice by the company at the time, never published assay values.

A 1000-foot drilling program in 1999 performed by D. Gibson was undertaken in an attempt to drill into the porphyry unit. Three holes were drilled with a 65hp "Gopher" drill into the alteration zone to try and reach the 600-foot level, where the porphyry unit exists. Due to the extreme blocky-ness of the alteration and shearing, each drill hole was lost before contacting the porphyry unit. Noted in each hole was the increase in gold values as the depth increased, getting closer to the 600 ft level and the apparent contact of the porphyry unit. The core from the program was split and assayed at 1.5-meter intervals. The highest gold values were noted near the very ends of the holes where they were lost. Increased gold values of up to 1 g/t gold across 1.5m were reported near the end of the hole as it increased in depth towards the porphyry unit.

The Ontario Geological Survey in 1994, Map P.3265, identified numerous gold in surficial materials anomalies in Greenlaw Township within the Hotstone Gold Property, and just down ice of the Property. See "Particulate Gold Abundance in Surficial Materials" Map 3265.

In 1998 D. Gibson performed grid construction and conducted magnetic and E.M. surveys. From the surveys numerous magnetic anomalies including magnetic lows, were outlined along with a large Fraser Filter V.L.F. anomaly. The Fraser Filter E.M. anomaly can be traced for 1200 meters on the property and has been found to be coincidental with the location of the porphyry unit drilled by Noranda.

Gold Mining History in Timmins and Area

The Porcupine Mining Camp is dotted with numerous head frames and open pit mines; some old, some newer, evidencing the tremendous mining heritage of the district. The Porcupine Mining Camp has produced both gold and base metals from a variety of mines through its 100 years of history.

The Porcupine Mining Camp is located along the famous Porcupine-Destor Fault, which runs 200km from Timmins to Destor in Quebec, with over 70 million ounces of gold from the rocks below.

There were the “Big Four” mining giants within the Porcupine Mining Camp which led the gold production for the area, the McIntyre, the Hollinger, the Pamour and the mighty Dome Mine.

The McIntyre Gold Mine

Was the 3rd largest gold producer in Canadian history, with a production of 10.8 million oz. Discovered by prospectors in 1909, the McIntyre mine operated between 1912 and 1988 and consisted of an underground mining operation with several access shafts and vent raises as well as a mill, shops, and office buildings.

The Hollinger Gold Mine

In October 1909 the prospect was identified and operated from 1910 to 1968 and closed due to depleted ore reserves. The Hollinger Gold Mine was Canada’s largest gold producer with 19.6 million ounces of gold produced while in operation.

The Pamour Gold Mine

The Pamour ore body was first staked in 1909 and was operated from 1935 until 2005.

The Mighty Dome Gold Mine

The first producing gold mine in the Porcupine Mining Camp, the Dome Gold Mine was discovered in 1910. The Dome Gold Mine has produced over 16 million ounces of gold to date, and is Canada's longest continuous producing Gold Mine with over 100 years of production in 2010.

The Porcupine Mining Camp has produced in excess of 70 million ounces of gold in its 100 year history, from numerous mines including the big four. Gold production in the area is set to duplicate its 100 years of success with the new development of the Lake Shore Gold Mine, which outline over 800,000 ounces by 2009 and is increases reserves at depth. There have recently been additional gold zones discovered by numerous mining companies west of the new Lake Shore Gold mine, which will extend the Porcupine Mining Camp, further westward from Timmins along the Destor-Porcupine Fault.

Other Operators in Timmins Camp Area

Lake Shore Gold (TSX: LSG) is active in the Timmins mining area and has a market capitalization of C$1.3 billion. They are in production already and expect to double or triple their resources within the next 12 months to 3.5 million to 4.5 million ounces gold. See LSG October 2010 marketing presentation accessed at

http://lsgold.com/SiteResources/data/MediaArchive/pdfs/presentation/LSG_marketingOct2010.pdf
Their prospective valuation, assuming the midpoint of their projected resources (4.0 million) is C$ 325/ox gold. They refer to the Timmins Area as "One of the world's great mining camps".

VG Gold (TSX: T.VG) is a smaller producer with resources in the Timmins Ares (5 km southest of Timmins). They state they have 1.2 million oz Au indicated and inferred per a NI 43-101 Technical Report. There recent market cap is C$118 which gives a valuation of C$98/oz Au. Source: Company Investor Presentation Oct 21, 2010 http://www.vggoldcorp.com/pdfs/pwrPt_latest_web.pdf

All of the data, findings, and information discussed above are historical in nature and are not compliant with National Instrument 43-101.

Santa Rita Property

On November 1, 2010 the Company announced they had signed a definitive option agreement to acquire a 50% undivided interest in the Property which comprises two claims on a 1,200 hectare (2,965 acres) region located 200 km southeast of Lima in the District of Acobambilla, Province of Huancavelica, Department of Huancavelica, Peru. According to the Company the NI 43-101 Technical Report confirms the existence of polymetallic mineralization on the Property, summarizes the geological knowledge accumulated and recommended further exploration. The current report met its original objectives.

The Company says that a systematic exploration program is necessary to define the geologic and economic continuity of the veins and manto and possibly identify other mineralization and tese studies are required before making any production decisions.

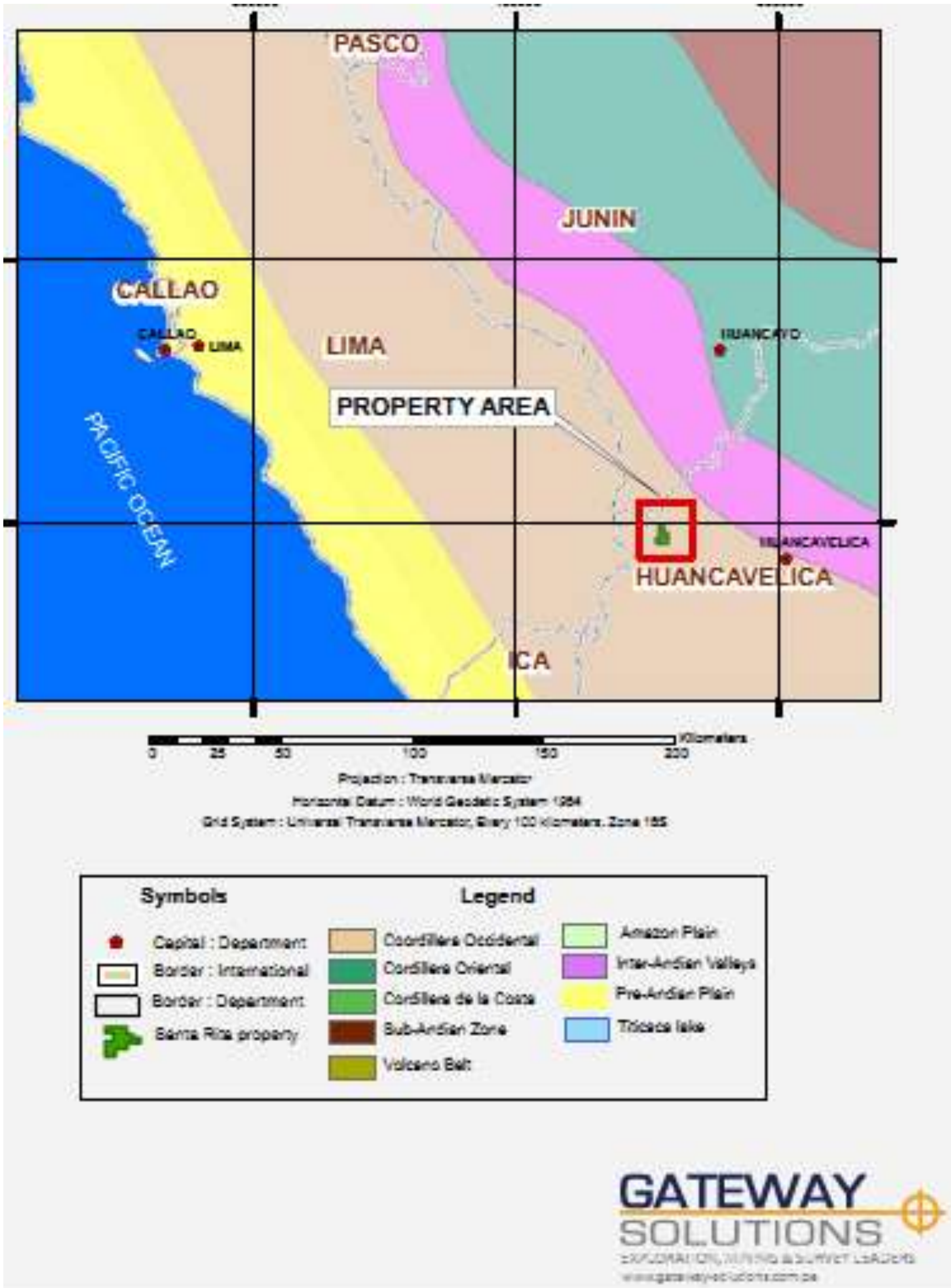
The Property is situated approximately 200 km southeast of Lima. The two (2) subject claims covering an area of 1200 hectares are named: Celeste No 3 and Nueva Santa Rita ("Claims"). The Claims are centered on Universal Transverse Mercator coordinate system, Provisional South American Datum 1956, zone 18L, 456480 meters East and 854570 meters North. The Claims are 100% owned by Peter Hans Flueck.

Mineralization on the Property is associated with sub-vertical barite, galena and sphalerite veins and breccias. The mineralizing fluids also have infiltrated a 1-2m thick permeable bed within the limestone sequence forming manto-type mineralization containing high grade zones near the vein/breccia intersections and irregularly distributed high grade bodies within the mineralized bed. An alteration halo with disseminated mineralization surrounds the high grade mineralization.

The veins are composed of barite, galena, sphalerite and quartz with a minor amount of pyrite and iron carbonates. *The vein mineralization is characterized by elevated silver, lead and zinc contents that average 290.7 g/t (n=17, s(n-1)=153.6), 14.65% (n=17, s(n-1)=5.69) and 7.00% (n=17, s(n-1)=5.47) respectively.*

According to the Company, " the Santa Rita has open pit potential with an excess of 1,300,000 tons of mineralization identified with a current potential value of over $350,000,000, based on approximately $500 per ton head grade."

The apparent relevant NI 43-101 report on the Santa Rita Property has been posted to the web site of Brookmount Explorations, Inc http://brookmount.com/presentations.asp The President of Brookmount is Peter Flueck who sold the 50% option to Coastal Pacific and engaged the consultant to write the NI 43-101 Technical Report. The conclusion of the report appears to be that the mineralization sample results, artisan mining activity and geologic structure justify additional effort to evaluate the economics of the mining claims. An example map from the report is shown below.



Source: "NI 43-101 Technical Report on Santa Rita Ag, Pb, Zn Property, Huancavelica, Peru 11 Nov 2009"

Industry M&A Activity. According to a report by PricewaterhouseCoopers the mining industry conducted 1,324 deals worth an aggregate $104 billion as of year to date August 15, 2010. (Canadian Mining Journal, October 2010). Precious metals represent 84% of these deals and gold alone was 40%. Canadain or American buyers represented 49% of the global deals. A survey of equity funds raised by precious metal companies in the Q3 2010 is summarized below. These 19 deals ranged from US$ 2.5 to US$391 million and in total represent US$898 million raised. *This activity indicates a high level of investor interest in gold and silver deals of all sizes which is very positive for Coastal Pacific*.

Q3 2010 Equity Raises Precious Metal Companies			
Symbol	Exchange	Company	Raise, US$ mil
AAG	TSX	Andean American	14.6
AIW	Aus	Australian American Minerals	4.5
AZM	Aus	Azumah Resources	29.1
BFD	TSX	Beaufield Resources	2.9
CPN	Toronto	Carpathian Gold	44.8
CSI	Toronto	Colossus Minerals	59.1
AUM	AMEX	Golden Minerals	11.3
HEG	Aus	Hill End Gold	2.5
KAM	TSX	Kaminack Gold	9.8
LSG	Toronto	Lakeshore Gold	391.0
MWA	AIM	Mwana	8.0
NGX	AIM	Norsemen Gold PLC	18.0
OGC	TSX	Oceana Gold	73.1
PTM	Toronto	Platinum Group PLC	122.5
PMV	Aus	PMI Gold	5.0
RXM	Aus	Rex Minerals	42.1
SBB	Toronto	Sabina Gold and Silver	15.7
SOLG	AIM	Soloman Gold	23.7
SUE	Toronto	Sulliden Gold	19.8
Total			**$898**
Count			19
Source: Thomson Reuters			

Valuation As a junior exploration company CPMCF has very little financial resources and is too early in its development to have 'proved' reserves although that could change with little notice. A survey of similarly situated companies indicate they can secure a market capitalization of $5-10 per ounce of gold on an indicated plus inferred basis. Companies that have raised, and successfully invested, $5 million or more have much higher valuations. A summary of the companies in Table 2 is shown below:

Valuation Multiple Snapshot		
Stage	Funds Raised, US$ mil	Valuation, $/oz Au
Seed/Early	Nominal	$5-10
Growth	$5-30	$20-40
Expansion	$100-300	$30-400

Established and producing mining companies typically sell at multiples to the net present value of projected cash flows (so called DCF or discounted cash flow) multiple to the firm of 1.0-1.5. CPMCF is too early to be able to make DCF type projections.

The trading history is very limited and the price has been extremely volatile. This situation may continue for a while until such time as more definitive information is known

A generic overview of factors relevant in valuing a gold or silver mining prospect are listed in Table 1 below as well as indicative comparison of the two properties relative to the industry at large:

Valuation Considerations of An Exploration Company		
	Hotstone- Canada	**Santa Rita-Peru**
1. Fundamental characteristics of the Resource are the Primary Criteria		
a. Proximity to proven mining deposits and operations	Above average	Below Average
b. History of previous mining operations	Above average	Below Average
c. Occurrence of other precious (silver) or base metals	no	yes: Ag,Pb,Zn present
d. Grade	?	Ag: 230 g/ton
e. Tons	?	Above Average
2. Mine location and the political jurisdiction are significant factors influencing the cost and time required to bring a mine into production		
a. Political stability	Above average	Above Average
b. Ease of permitting	Average	Above Average
c. Access to infrastructure and labor	Average	Average
d. Weather	Average	Average
3. Strong, established management teams and strategic investor ownership		
a. Strong geological interpretation and date-based, productive exploration record	Average	Average
b. Enhanced access to capital from committed, lead investor	Average	Average

4. Scalable Operations have higher valuations		
a. Higher net present value of cash flows from nearer term production	?	Above Average
b. Increased exit opportunities through a sale to mid and major producers	?	Above Average

One can easily see there is a lot of key information that is missing at this time for the Hotstone Project. However, revelation of new information may occur at any time and possibly with little advance notice. Ideally the Company will establish and maintain a high level of communication with shareholders. A recommendation of "Speculative" is reasonable due to the apparent but unproven presence of precious metals on the claims in some unknown quantity and quality but must be tempered by recognition of the share price trading history and volatility.

On November 1, 2010 the Company issued a press release describing in some detail the economics of the Santa RitA Project in Peru. Although the Company indicated the 'value' at $1 billion it turns out when you reduce the cash flow for the cost of money, capital equipment and their 50% ownership you get lower numbers. Depending on the assumptions one can get a net present value of the Santa Rita Project of $0.85 to $1.35/share.

Coastal Pacific Valuation- Santa Rita Property				
Assumptions				
Ag, g/mt	230			
Pb,%	13%			
Zn,%	8%			
Ag, $/oz	$25.00			
Pb, $/lb	$1.20			
Zn, $/lb	$1.20			
Mineable ore, tons	3,343,000			
grams/ounce	31.10348			
Capital Costs,$	$200,000,000			
Profit	50%	includes Peru royalty and income tax		
Discount Rate, %	20%			
Life of Mine, yrs	5			
Recovered Metal	Ag	Pb	Zn	Total
Ag, g	768,890,000			
Ag,oz	24,720,385			
Recovered lbs	2,060,032	958,270,950	589,705,200	1,550,036,182
Gross Sales,$	618,009,625	1,149,925,140	707,646,240	2,475,581,005
Profit @ 50%				1,237,790,502

Annual Profit, $/yr @ mine life				247,558,100
Present Value @ 20%				740,350,261
Less Capital Costs				-200,000,000
Net Present Value				540,350,261
CPMCF Interest, 50% (option)				270,175,130
Shares Out, fully diluted				237,200,000
Current Value, $/sh				$1.14

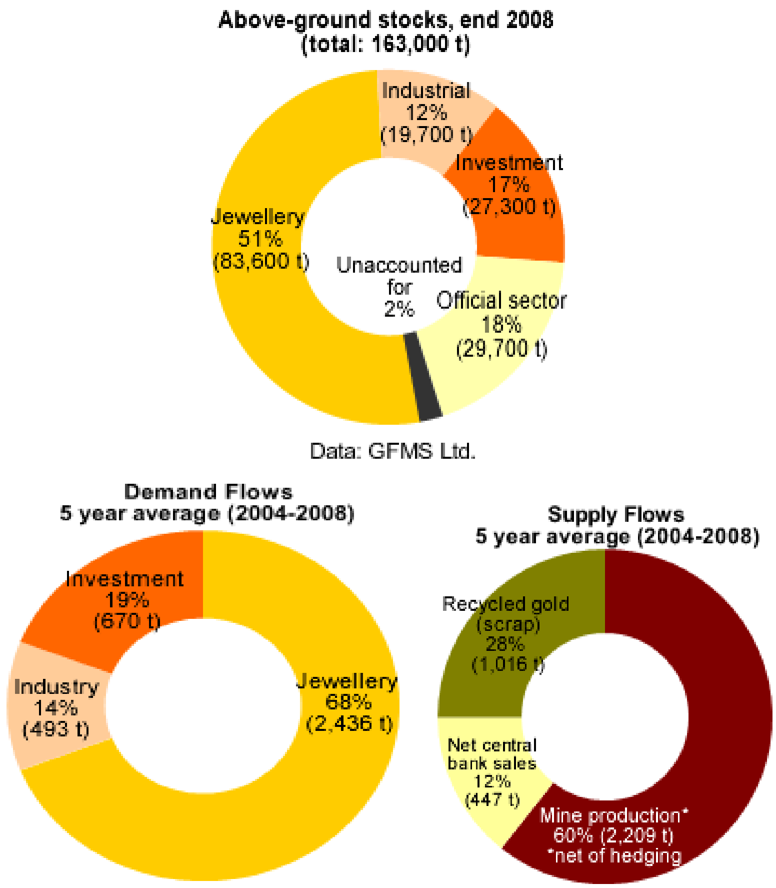
Valuation Sensitivity			
	Base	Lower Capital	Higher Discount
Discount Rate	20%	20%	30%
Capex, $mil	200	100	200
NPV, $/sh	$1.14	$1.35	$0.85

Using the $1.15/share net present value, and assigning zero value of the Hotstone Project, a 12 month target price of $1.40 is based on escalating the NPV forward at the 20% cost of capital. Readers are cautioned to review the risk section of this report and of the Company filings for important information. By assigning zero value to the Hotstone Project this price target may prove conservative if that project is developed.

Selected Junior and Developing Gold/Silver Mining Companies											
Symbol	Exchange Name	Company Name		Net Sales LTM	Total Assets,US$	Total Liabilities,US$	Market Cap,US$	Metals	Country	Reserves Gold Eq, oz	Mkt Cap, $/oz
ADNT	OTC BB	ARDENT MINES LTD	Acquires, explores and develops mining properties in British Columbia, Canada	0	4,736	44,550	44,872,950	gold	Brazil	5,700,000	7.9
ECPN	OTC BB	EL CAPITAN PRECIOUS METALS, INCORPORATION	Exploration, development and mining of precious metals, iron ores and other minerals	0	848,462	605,290	46,334,985	AU,AG,Pt	NM	6,126,747	7.6
IROG	OTC BB	IRONWOOD GOLD CORPORATION	Explores mineral properties in India	0	6	27,156	7,107,681	gold	NV	2,000,000	3.6
LODE	OTC BB	COMSTOCK MINING INCORPORATION	Produces precious metals through state-of-the-art and conventional recovery methods	0	4,925,154	32,098,438	58,048,526	gold	NV	1,600,000	36.3
USPR	OTC BB	U.S. PRECIOUS METALS, INCORPORATION	Acquires, explores and develops mineral properties in Michoacan, Mexico	0	759,128	4,972,897	5,668,395	Au,Ag,Cu	Mexico	243,000	23.3
LSG-T	TSX	LAKE SHORE GOLD CORP	Acquires, evaluates, explores and develops gold properties	N/A	969,035,142	176,344,079	1,279,945,526	Au	Canada	4,000,000	320
VG-T	TSX	VG GOLD CORP	Acquisition Exploration and Development of Gold properties	0	30,328,533	345,994	124,500,929	Au	Canada	1,200,000	104
CPMCF	OTC BB	Coastal Pacific Mining	N/A	0	0	0	73,722,631	Au,Ag	Peru, Canada	?	?

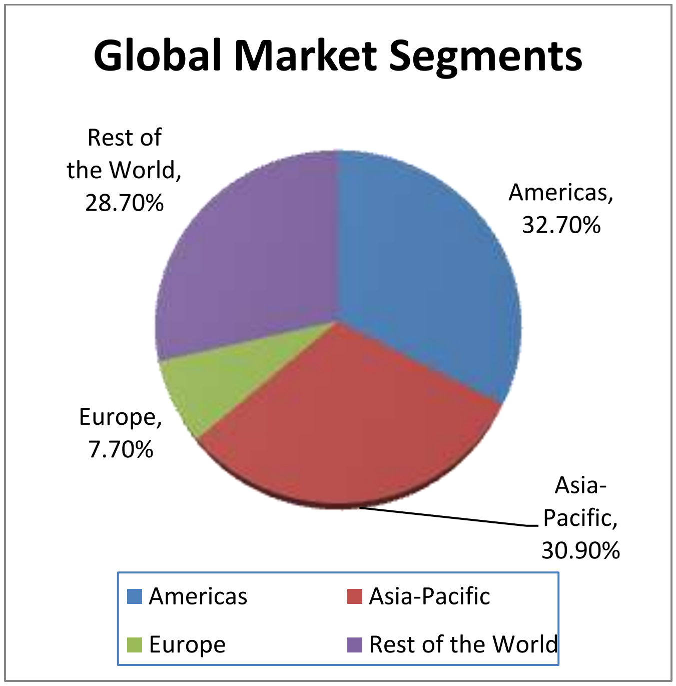
Gold Industry Demand and Supply- Overview

Gold's extensive appeal and functionality, including its characteristics as an investment vehicle, are underpinned by the supply and demand dynamics of the gold market.



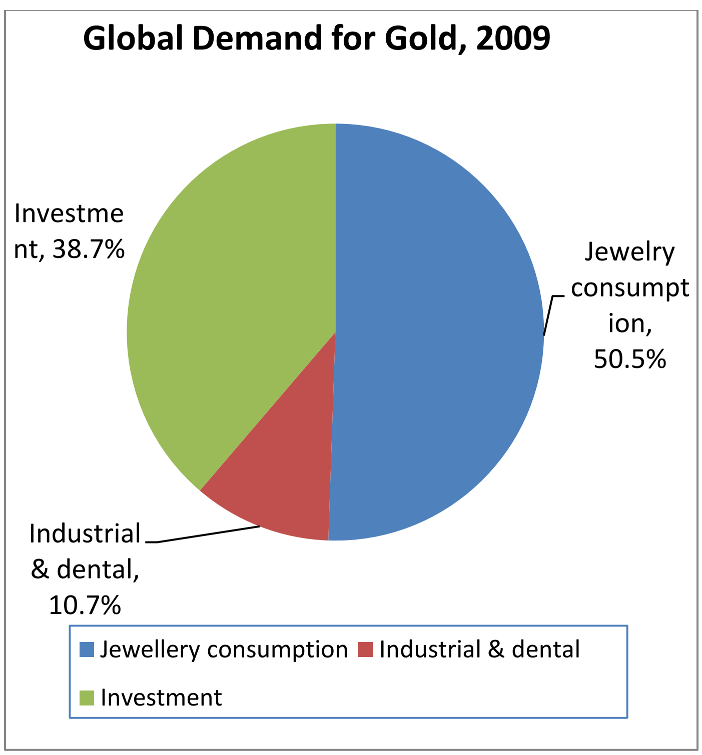
Demand

Demand for gold in 2009 was 3,480 tons or $108 billion reflecting a 9% decline in volume but 2% growth in value due to higher prices in 2009 vs 2008. Demand is global but East Asia, the Indian sub-continent and Middle East accounted for 70% of global demand in 2008. Of this only five countries account for 55% of demand: India, Italy, Turkey, United States and China.



Source: Datamonitor

The major applications for gold in 2009 were jewelry (50.1%), industrial (10.7%) and investment (38.7%).



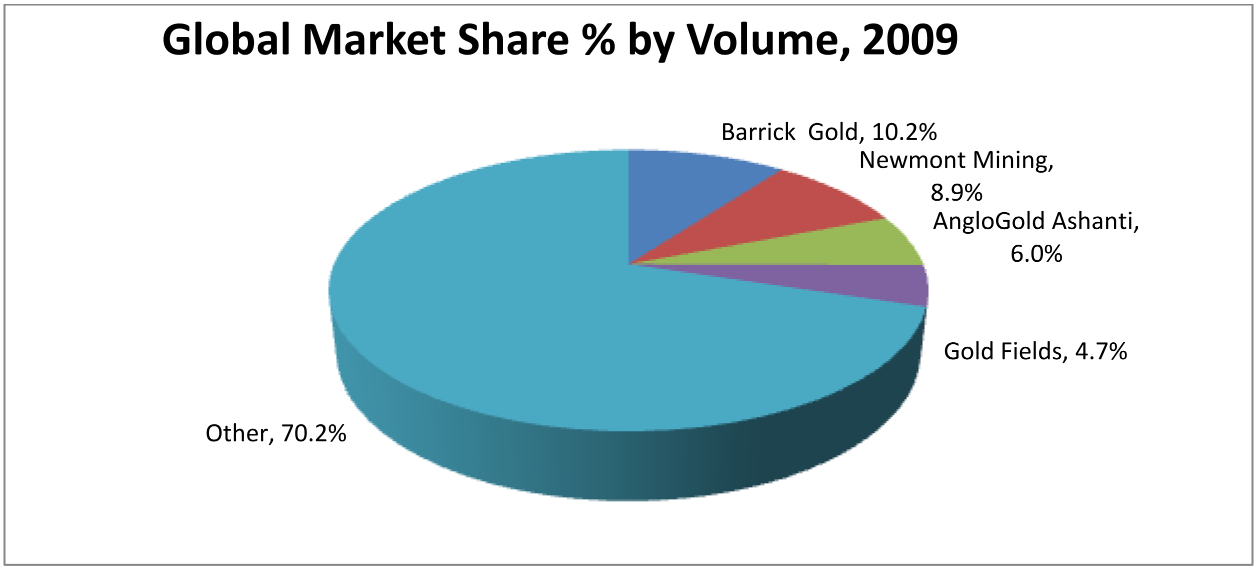
Jewelry demand was off 20% in 2009 due to the recession and the percent of global demand was 50%: about 10-15% less than historical values. Industrial and dental was off 15%. The major industrial use is in electronics where the thermal and electrical conductivity and inertness of gold is important. Investment demand includes identifiable retail demand such as bar hoarding, coins and medals as well as financial products such as ETF's (exchange traded funds). These applications were up 14% in total but retail investment was down 14% and ETF demand up 92%. Generally, investment in gold reflects a concern with avoiding losses of fiat currencies such as the US dollar, continued poor economic conditions, and protection against risk.

Supply

Mine production

Gold is produced around the world and mine production has averaged 2,385 tons per year over the last five years. There are several hundred producing mines around the world but generally new production only offsets depleted reserves so there is no significant increase in the global total. New mines often taking up to 10 years to come on stream therefore mining output is relatively inelastic and unable to react quickly to a change in price outlook. The sustained price rally experienced over the last seven years has not resulted into significantly higher production.

Gold production is fairly dispersed and the four largest miners supply 30% of the market. This is due to the commodity nature of the product and greater power held by buyers than producers. The wide distribution of gold across many countries also contributes to the ease of smaller producers to enter the market.



Recycled gold (scrap)

Because of gold's inertness and high value practically all gold that has ever been mined in the history of the world is still "in circulation" in either bullion or applied matter. Consequently this is a relatively large pool of gold that can be recycled or scrapped by the owner and extracted, then melted down, re-refined and reused. Between 2004 and 2008, recycled gold contributed an average 28% to annual supply flows.

Central banks

Central banks and the IMF own gold as a financial hedge against devaluation of alternative paper currencies.

Gold production

The process of producing gold can be divided into six main phases:

- Exploration: locating ore with minerals in economic quantities
- Infrastructure: building access roads and providing required utilities
- Mining: removing the ore either in open pit mine or underground
- Transporting: crushed ore is moved to the processing facility
- Processing: using chemicals (cyanide) to leach the gold from the ore then recover the gold
- Refining: crude gold (94% purity) is transported to a refinery where it is smelting to 99.5+% purity and suitable for commercial sales

Table 4: Gold supply and demand

	2007	2008	2009	*% ch 2009 vs 2008*	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10[2]	*% ch Q2'10 vs Q2'09*
Supply															
Mine production	2,473	2,410	2,575	*7*	543	589	630	647	585	637	679	674	612	659	*3*
Net producer hedging	-444	-352	-254	*...*	-133	-116	-53	-49	-1	-31	-97	-125	-26	-15	*...*
Total mine supply	2,029	2,058	2,322	*13*	411	473	576	598	584	606	582	549	586	644	*6*
Official sector sales[2]	484	232	30	*-87*	76	68	76	12	62	-9	-11	-13	-38	-8	*...*
Old gold scrap	982	1,316	1,673	*27*	384	308	242	382	606	366	297	404	350	496	*35*
Total Supply	3,494	3,605	4,024	*12*	871	848	895	992	1,253	963	869	940	897	1,132	*18*
Demand															
Fabrication															
Jewelry	2,417	2,193	1,759	*-20*	478	535	695	486	344	442	510	463	502	406	*-8*
Industrial & dental	465	439	373	*-15*	117	119	113	91	79	94	97	103	103	107	*14*
Sub-total above fabrication	2,882	2,632	2,132	*-19*	595	654	808	576	423	535	607	566	604	513	*-4*
Bar & coin retail investment[3]	447	643	503	*-22*	89	143	212	200	51	145	161	146	178	182	*25*
Other retail investment	-10	215	228	*6*	10	6	60	141	99	44	36	50	23	61	*41*
ETFs & similar	253	321	617	*92*	73	4	149	95	465	57	41	54	4	291	*414*
Total Demand	3,572	3,811	3,480	*-9*	766	806	1,228	1,011	1,037	781	845	817	810	1,047	*34*
"Inferred investment"[4]	-78	-206	544	*...*	105	42	-334	-19	215	183	23	123	87	84	*-54*
London PM fix (US$/oz)	695	871	972	*12*	924	896	871	796	908	922	960	1,099	1109	1196	*30*

Table 1: Identifiable gold demand (tonnes)[1]

	2007	**2008**	**2009**	***% ch 2009 vs 2008***	**Q1'08**	**Q2'08**	**Q3'08**	**Q4'08**	**Q1'09**	**Q2'09**	**Q3'09**	**Q4'09**	**Q1'10**	**Q2'10[2]**	***% ch Q2'10 vs Q2'09***
Jewellery consumption	2,417.5	2,193.0	1,758.9	*-20*	450.2	521.8	673.4	547.6	329.4	430.6	488.0	510.9	473.6	408.7	*-5*
Industrial & dental	464.5	439.1	373.0	*-15*	117.0	118.6	112.9	90.5	78.9	93.6	97.2	103.2	102.8	107.2	*14*
Electronics	310.8	292.9	246.4	*-16*	80.6	81.4	76.4	54.4	49.9	60.2	66.3	70.1	69.9	74.6	*24*
Other Industrial	96.1	90.5	73.9	*-18*	22.2	23.1	22.8	22.4	16.0	20.2	17.8	19.9	20.0	20.2	*0*
Dentistry	57.6	55.7	52.7	*-5*	14.2	14.1	13.7	13.6	13.0	13.2	13.2	13.2	12.8	12.4	*-6*
Identifiable Investment	690.3	1,179.0	1,348.2	*14*	171.0	152.3	420.8	434.9	614.4	245.4	237.9	250.5	205.9	534.4	*118*
Net retail investment	437.0	858.1	731.1	*-15*	98.3	148.3	271.3	340.1	149.4	188.7	196.5	196.5	201.5	243.1	*29*
Bar Hoarding	239.5	385.7	215.8	*-44*	49.4	92.2	126.4	117.8	-23.1	74.8	93.6	70.6	113.7	96.3	*29*
Official Coin	134.6	187.3	230.5	*23*	28.4	36.0	60.4	62.4	69.9	56.5	49.4	54.7	44.7	68.7	*22*
Medals/Imitation Coin	72.6	69.6	56.6	*-19*	10.7	14.5	25.0	19.4	3.9	13.8	17.7	21.2	19.7	16.7	*21*
Other identified retail invest.[3]	-9.7	215.4	228.2	*6*	9.8	5.5	59.5	140.6	98.7	43.6	35.7	50.1	23.3	61.4	*41*
ETFs & similar products 4	253.3	320.9	617.1	*92*	72.7	4.0	149.5	94.7	465.1	56.7	41.4	54.0	4.5	291.3	*414*
Total identifiable demand	3,572.	3,811.	3,480.0	-9	738.2	792.7	1,207.1	1,073.0	1,022.7	769.6	823.1	864.6	782.3	1,050.3	*36*
London pm fix, $/oz	695.3	871.9	972.35	*12*	924.83	896.29	871.60	794.76	908.41	922.18	960.00	1099.6	1109.1	1196.74	*30*

Source: GFMS Ltd.

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Table 2: Identifiable gold demand ($m)

	2007	2008	2009	% ch '09 vs '08	Q1' 08	Q2' 08	Q3' 08	Q4' 08	Q1' 09	Q2' 09	Q3' 09	Q4' 09	Q1' 10	Q2'10[2]	% ch Q2'10 vs Q2'09
Jewellery consumption	53,997	61,285	55,510	*-9*	13,386	15,037	18,870	13,993	9,620	12,766	15,063	18,061	16,889	15,726	*23*
Industrial & dental	10,371	12,375	11,731	*-5*	3,480	3,417	3,165	2,313	2,303	2,776	3,002	3,650	3,665	4,124	*49*
Electronics	6,942	8,275	7,763	*-6*	2,396	2,346	2,141	1,391	1,456	1,784	2,045	2,478	2,493	2,869	*61*
Other Industrial	2,143	2,538	2,319	*-9*	660	666	639	574	466	600	549	704	715	777	*30*
Dentistry	1,287	1,561	1,648	*6*	424	405	385	348	381	392	407	468	457	478	*22*
Identifiable Investment	15,393	32,378	41,418	*28*	5,085	4,389	11,792	11,112	17,946	7,275	7,342	8,855	7,343	20,560	*183*
Net retail investment	9,615	23,493	22,969	*-2*	2,923	4,274	7,604	8,692	4,363	5,594	6,064	6,948	7,184	9,354	*67*
Bar Hoarding	5,244	10,676	6,924	*-35*	1,468	2,658	3,541	3,009	-676	2,217	2,888	2,494	4,055	3,705	*67*
Official Coin	2,965	5,172	7,176	*39*	846	1,039	1,694	1,595	2,041	1,676	1,526	1,933	1,596	2,643	*58*
Medals/Imitation Coin	1,586	1,933	1,817	*-6*	319	418	701	495	114	409	546	748	702	643	*57*
Other identified retail invest	-180	5,711	7,052	*23*	291	160	1,667	3,593	2,883	1,292	1,103	1,773	831	2,363	*83*
ETFs & similar products	5,778	8,885	18,448	*108*	2,161	115	4,188	2,421	13,582	1,681	1,278	1,907	159	11,206	*567*
Total identifiable demand	79,761	106,038	108,659	2	21,951	22,843	33,827	27,418	29,869	22,818	25,406	30,566	27,896	40,411	*77*

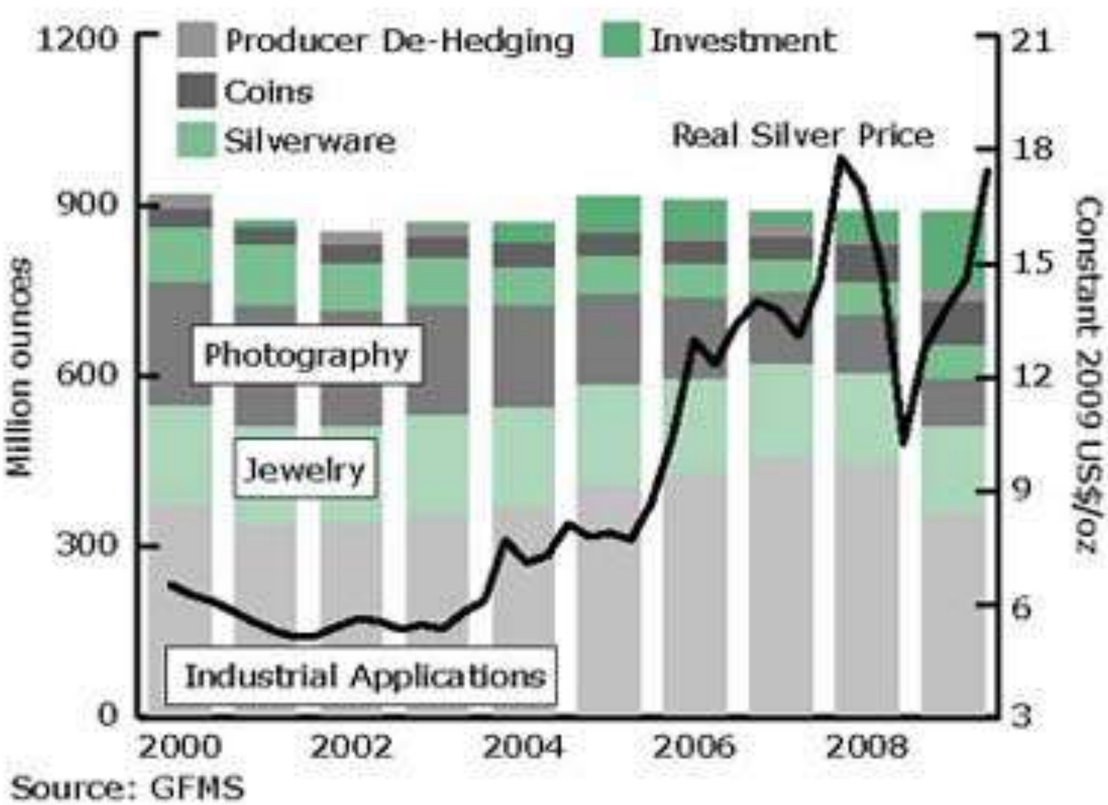
Source: World Gold Corporation calculations based on data from GFMS Ltd.

Silver Demand and Supply in 2009

Demand

Fabrication demand declined 11.9% in 2009 due to the financial crisis. This decline was completely offset by >100% gain in investment demand consequently total demand was flat in 2009 at 889 million ounces.

World Silver Demand



A weak auto industry was the primary reason for lower industrial demand last year. Implied net silver investment increased by a staggering 184 percent to 136.9 M oz last year, recording its highest level in the past 20 years. While overall jewelry demand dipped slightly by only 1.1 percent in 2009 to 156.6 Moz, India and China posted increases in jewelry demand last year, offsetting losses in most other markets. Silverware demand reversed the trend of the last decade rising by a respectable 4.6 percent to 59.5 M oz, largely due to a surge in Indian fabrication.

Supply

Silver mine production rose by 4 percent to 709.6 Moz in 2009. Gains came both from primary silver mines and as a by-product of gold mining. Regionally, the strongest growth stemmed from Latin America, where silver output increased by 8 percent, with the most visible gains recorded in Argentina and Bolivia. Peru was the world’s largest silver producing country in 2009, followed by Mexico, China, Australia and Bolivia.

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Top 20 Silver Producing Countries in 2009 (millions of ounces)		
1	Peru	123.9
2	Mexico	104.7
3	China	89.1
4	Australia	52.6
5	Bolivia	42.6
6	Russia	42.2
7	Chile	41.8
8	United States	39.8
9	Poland	39.2
10	Kazakhstan	21.7
11	Canada	19.6
12	Argentina	17.1
13	Turkey	14
14	Sweden	8.7
15	Morocco	8.3
16	Indonesia	7.7
17	India	7.3
18	Guatemala	4.2
19	Iran	3.5
20	South Africa	2.6

Primary silver mine cash costs remained relatively stable year-on-year, rising by less than 1 percent to $5.23/oz.

Net silver supply from above-ground stocks dropped by 86 percent to 20.2 M oz in 2009, driven mostly by the surge in net investment, higher de-hedging, lower government sales and a drop in scrap supply..

Government stocks of silver are estimated to have fallen by 13.7 M to reach their lowest levels in more than a decade. Russia again accounted for the bulk of government sales, with China and India essentially absent from the market in 2009.

World Silver Supply and Demand

World Silver Supply and Demand (in millions of ounces)										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Supply										
Mine Production	591	606.2	593.9	596.6	613	636.8	640.9	664.4	684.7	709.6
Net Government Sales	60.3	63	59.2	88.7	61.9	65.9	78.2	42.5	27.6	13.7
Old Silver Scrap	180.7	182.7	187.5	183.9	183.7	186	188	181.8	176	165.7
Producer Hedging	--	18.9	--	--	9.6	27.6	--	--	--	--
Implied Net Disinvestment	87.1	--	12.6	--	--	--	--	--	--	--
Total Supply	**919.1**	**870.9**	**853.1**	**869.3**	**868.2**	**916.3**	**907.2**	**888.7**	**888.3**	**889**
Demand										
Fabrication										
Industrial Applications	374.2	335.6	340.1	350.8	367.6	407	427	456.1	443.4	352.2
Photography	218.3	213.1	204.3	192.9	178.8	160.3	142.4	124.8	104.9	82.9
Jewelry	170.6	174.3	168.9	179.2	174.8	173.8	166.3	163.5	158.3	156.6
Silverware	96.4	106.1	83.5	83.9	67.2	67.5	61	58.4	56.9	59.5
Coins & Medals	32.1	30.5	31.6	35.7	42.4	40	39.8	39.7	65.2	78.7
Total Fabrication	891.7	859.4	828.3	842.4	830.8	848.7	836.4	842.5	828.6	729.8
Producer De-Hedging	27.4	--	24.8	20.9	--	--	6.8	24.2	11.6	22.3
Implied Net Investment	--	11.4	--	6	37.4	67.6	64	22	48.2	136.9
Total Demand	**919.1**	**870.9**	**853.1**	**869.3**	**868.2**	**916.3**	**907.2**	**888.7**	**888.3**	**889**
Silver Price (London US$/oz)	4.953	4.37	4.599	4.879	6.658	7.312	11.549	13.384	14.989	14.67

SOURCE: World Silver Survey 2010

Silver Production

Global mine production rose almost 4% in 2009, its seventh straight annual increase to reach a record high of 709.6 M oz. Output was driven higher by strong production increases in several Latin American countries as mining projects, many of which are primary silver producers, came to fruition, and by higher output in Asia, principally from China and Turkey.

World's Leading Primary Silver Mines in 2009 (millions of ounces)			
Rank	**Mine/Country**	**Operating Company**	**Prod.**
1	Fresnillo, Mexico	Fresnillo plc	35.42
2	Cannington[1], Australia	BHP Billiton	33.76
3	Dukat, Russia	JSC Polymetal	11.8
4	Gümüsköy[2], Turkey	Eti Gümüş A.Ş.	11.2
5	Uchucchacua, Peru	Compañia de Minas Buenaventura SA	10.56
6	Arcata, Peru	Hochschild Mining	9.54
7	Pallancata, Peru	Hochschild Mining	8.42
8	San Bartolomé, Bolivia	Coeur d'Alene Mines	7.47
9	Greens Creek, U.S.	Hecla Mining Co	7.46
10	Imiter[2], Morocco	Société Métallurgique d'Imiter	6.75
11	Alamo Dorado, Mexico	Pan American Silver Corp	5.32
12	San José, Argentina	Hochschild Mining	5
13	Ying[3], China	Silvercorp Metals	4.26
14	Martha, Argentina	Coeur d'Alene Mines	3.71
15	Huaron, Peru	Pan American Silver Corp	3.56
Source: Silver Institute [1] Reported payable metal in concentrate; [2] Estimate; [3] Reported Sales;			

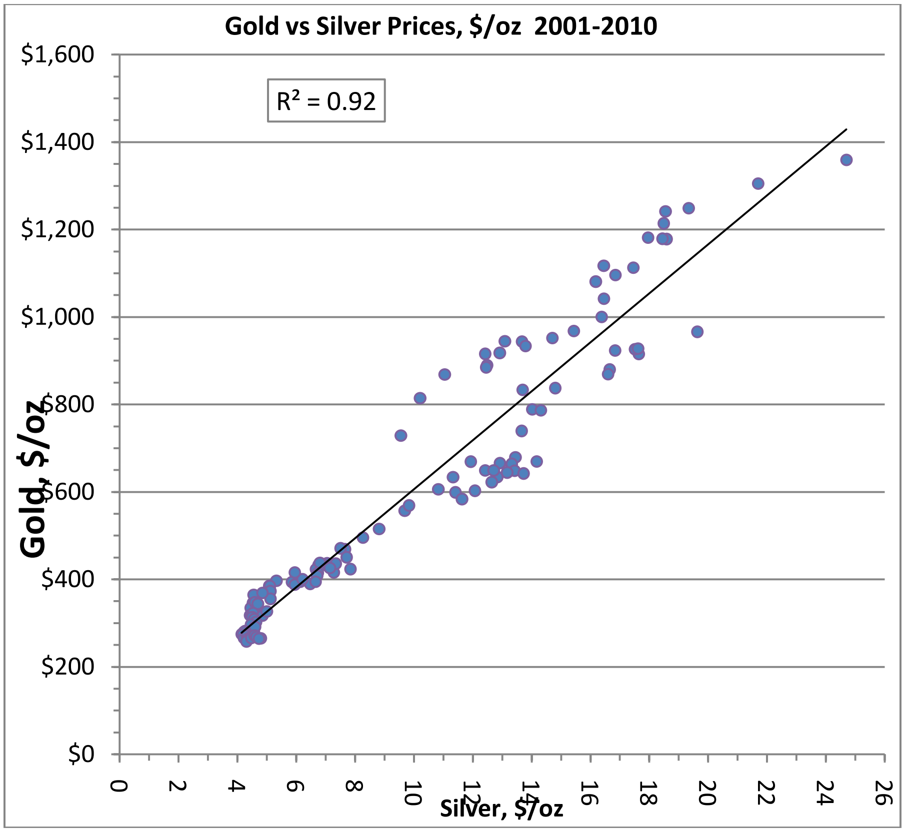
The silver producers are as fragmented and disperse as gold miners. The top four silver miners only have 20% of the global mine output.

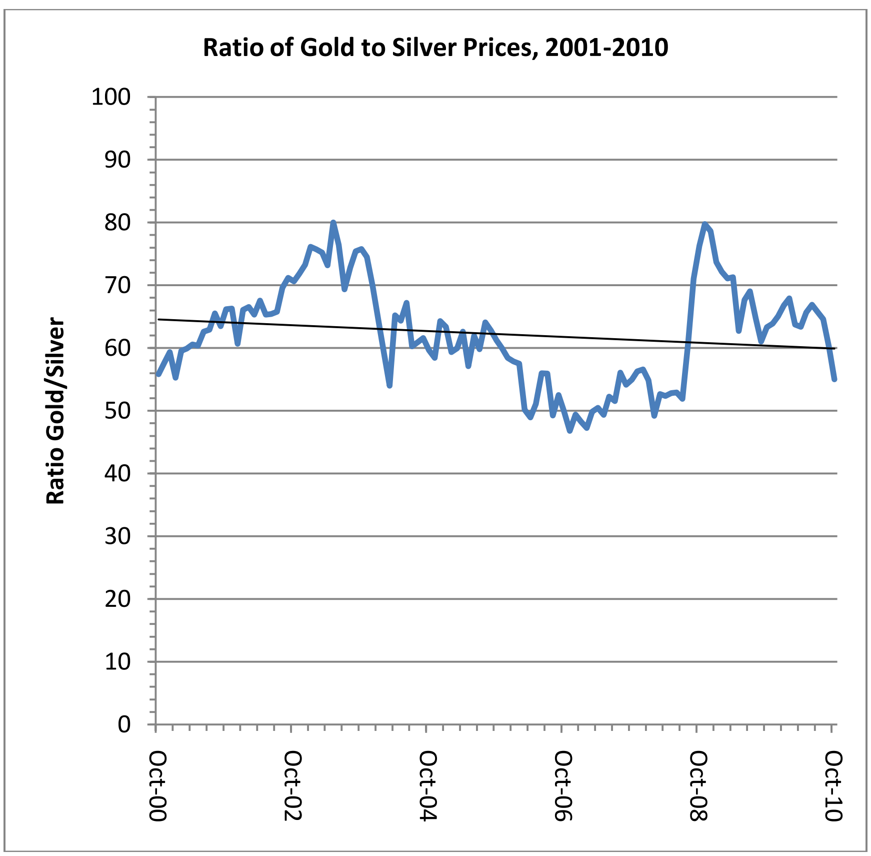
Industry Dispersion: % World Mine Production by # Companies, 2009	
	% World Mine Production
Top 4 Producers	20.0%
Top 20 Producers	53.2%

Pricing. Early and seed stage companies like CPMCF are less dependent on commodity prices than more mature producing companies since the primary factor is the quantity of metal present. If prices rose from $1,000 to $1,500/oz you would expect healthy increases of mature producing miners but junior companies value would not change that much. They are more dependent on perception of the quantity and quality of resources and thus more speculative. An exploratory miner's value can go to zero if the resources are not present even though gold and silver may be at all time highs. This will not happen with a producing company.

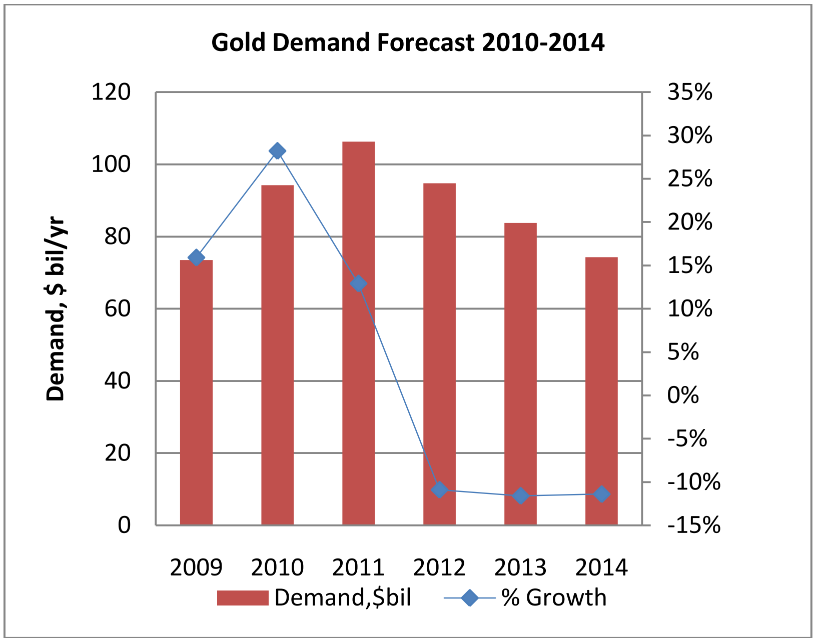
Both gold and silver are well into very significant price moves starting about four to five years ago.

Even though they have very different market segments, gold and silver prices are fairly highly correlated with each other. The chart below indicates the correlation coefficient (R2) is about 0.92. In addition, the ratio of gold to silver price has held within the range of 50:1-80:1.

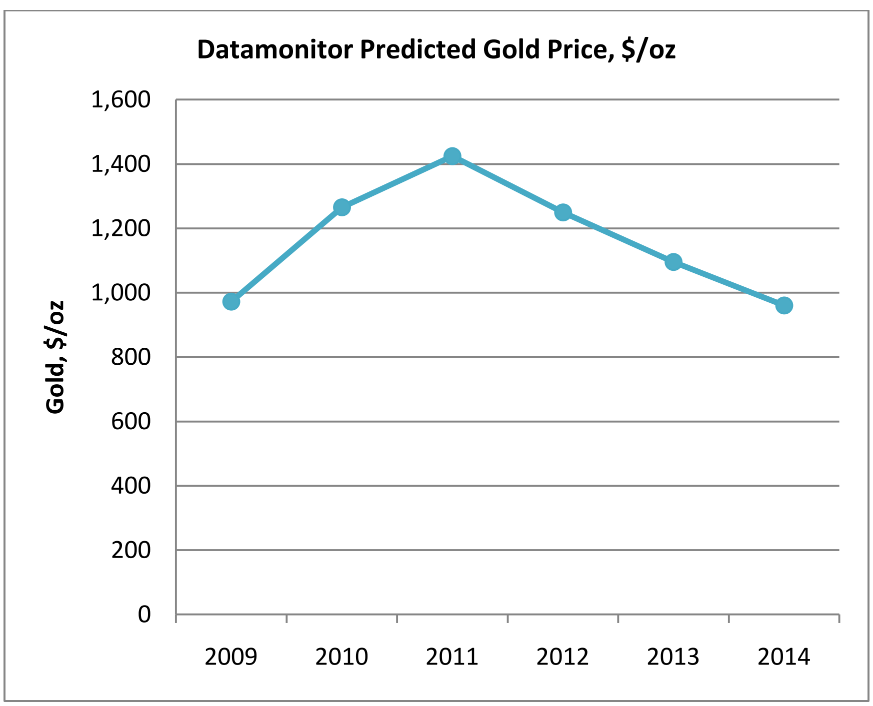

Gold vs Silver Prices, $/oz 2001-2010
R^2 = 0.92
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Gold, $/oz
0
2
4
6
8
10
12
14
16
18
20
22
24
26
Silver, $/oz


Ratio of Gold to Silver Prices, 2001-2010
100
90
80
70
60
50
40
30
20
10
0
Ratio Gold/Silver
Oct-00
Oct-02
Oct-04
Oct-06
Oct-08
Oct-10

The consulting firm Datamonitor forecasts a steady decline in gold demand over the next few years based on declining prices from current highs.



Source: Datamonitor



In contrast , Newmont Mining has a long term bullish outlook which is summarized below

Bullish Outlook Scenario

- Central Banks are buying
  - Central Bank sales declined 90% in 2009
  - Diversify from U.S. bonds
- Rise in investment demand
  - Hedge against decline of fiat currencies
- Shift from bonds to gold
  - Seek safety from sovereign bonds
- Lack of production growth

Source: Newmont Mining, corporate presentation, Feb 2, 2010

In addition, on October 12, 2010 Goldman Sachs increased their six month target price to $1,525 and 12 month target to $1,650 citing they "expect the US Federal Reserve to announce a return to quantitative easing measures as early as the November FOMC meeting. We see this acting as a strong catalyst to carry gold prices to the higher levels that we now forecast." Source: http://www.marketwatch.com/story/goldman-ups-12-month-gold-price-forecast-to-1650-2010-10-12

Management

Director & President - Joe Bucci

Mr. Joe Bucci is a seasoned corporate executive with over 25 years of experience in building grass-roots companies. Mr. Bucci has had corporate experience negotiating with domestic and international companies and conveying progress and development effectively with the public. Mr. Bucci has been involved with many private and public companies over his career and has held positions on the several reporting board of directors. Mr Bucci's strengths and assets are in administrative management and corporate restructuring, enabling companies to progress and obtain appropriate financing.

Mr. Bucci previously held the position of Vice-President of Octane Resources a publicly trading company involved in Silver Mining from 1987 to 1990 Mr. Bucci aided in the brokered completion of all the required capital to advance the drilling activities of the exploration project . In 2005 Mr Bucci managed the work program on the Horseshoe Claim for Enterayon Resources where he was responsible to assemble the drilling team and exploration personnel for the field project, while overseeing and supervising the geology along with QA and QC aspects of the program.

Director & VP of Exploration - Dave Gibson

David Gibson is a graduate of Georgian College in Business Administration specializing in Marketing. In 1998 David was a founding member of Diatreme Explorations, which eventually was rolled into Mantis Minerals Corporation (MINE. CNQ) in 2007. Previously in 1989 Mr. Gibson formed Gibson and Associates Services

Company to provide services to the Mining, Oil and Gas as well as Environmental sectors. In 2008 Mr. Gibson formed Norquest Drilling to provide contract diamond drilling services.

David Gibson began in the mining industry in 1982 working in the northern mining districts of Ontario and Quebec performing geotechnical, geophysical and geochemical surveys for junior and major mining companies. Gibson and Associates, a highly successful business to date, was founded to provide exploration services, which today including geomatics, geophysics and geochemistry to the Environmental, Mining and Oil and Gas industries. Mr. Gibson has worked in collaboration with the Ontario Geological Survey and the Geological Survey of Canada investigating the circular vegetative phenomenon found in the James Bay Lowlands of Ontario and was published for his efforts and involvement.

Throughout his career he has performed contract field services along with contract diamond drilling through his drilling company Norquest Drilling that assisted numerous junior mining companies and major mining companies in Canada and the United States. Mr. Gibson also provided advanced exploration technical consulting services of geomatics, geophysics, geochemistry and geotechnical design, implementation, and management for such programs for Gold projects, Diamonds, Base metals and Platinum Group Elements.

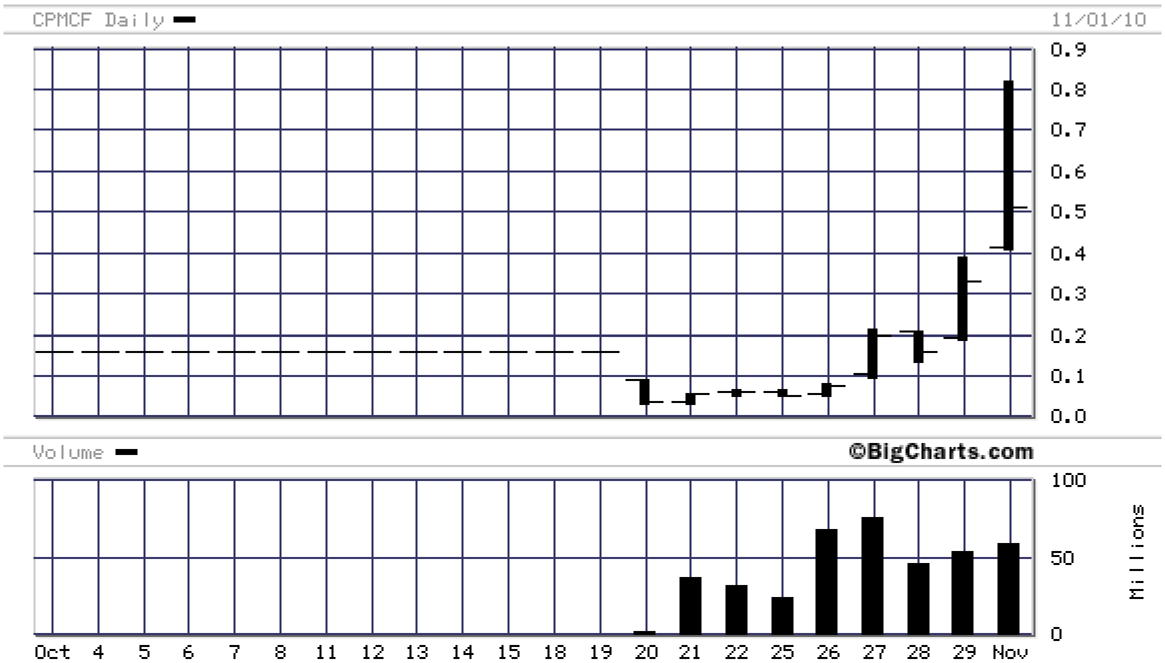
Risks

- Company has no operating history and has earned no revenues to date.
- Mineral exploration is highly speculative in nature and there can be no certainty of our successful development of profitable commercial mining operations.
- Mining operations generally involve a high degree of risk including unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Mining operations could also experience periodic interruptions due to bad or hazardous weather conditions and other acts of God.
- Company is an exploration-stage company with no operating history and our estimates of mineralization are only preliminary and based primarily on past geological mapping, silt, soil and rock sampling which may not reflect the actual deposits or the economic viability of extraction.
- Company may not be able to compete with current and potential exploration companies, some of whom have greater resources and experience than we do in developing mineral reserves.
- The prices of metals are highly volatile and a decrease in metal prices can have a material adverse effect on the business.
- Company is dependent on two key employees and if they were unavailable for service it might be detrimental to the Company.
- Because of the early stage of development and the nature of our business, the Company our securities are highly speculative.

- Company is an exploration stage company, and there is no assurance that a commercially viable deposit or "reserve" exists in the property in which we have claim.
- Company may, in the future, issue additional Common Shares which would reduce investors' percent of ownership and may dilute our share value.
- Common Shares are subject to the "Penny Stock" Rules of the SEC and the trading market is limited, which makes transactions in the stock cumbersome and may reduce the value of an investment in our stock.
- Limited trading market for our securities so purchasers of te securities may have difficulty selling their shares.
- Company is a "Foreign Private Issuer" under United States Securities Laws so is exempt from Section 16 rules of the Exchange Act regarding sales of Common Shares by insiders, consequently shareholders have less complete and timely information than would be available about US issuers.
- Company may, in the future, issue additional Common Shares or other securities, including our Preferred Shares, which would reduce investors' percentage ownership and may dilute the value of our shares.

CPMCF Coastal Pacific Mining Corp 11/1/2010 3:59 PM

Last:	Change:	Open:	High:	Low:	Volume:
	0.1799	**0.415**	**0.82**	**0.41**	**60,080,589**
0.5099	Percent Change:	Yield:	P/E Ratio:	52 Week Range:	
	35.28%	**n/a**	**n/a**	**0.0008 to 0.82**	



Company Data	
Company Name:	Coastal Pacific Mining Corp
Dow Jones Industry:	Specialty Finance
Exchange:	OTC BB
Shares Outstanding:	223,401,985
Market Cap:	113.9 Million
Short Interest:	Exchange provides no short interest data.
52-Week EPS:	n/a
52-Week High:	0.82 on Monday, November 01, 2010
52-Week Low:	0.0008 on Thursday, March 25, 2010
P/E Ratio:	n/a
Yield:	n/a
Average Price:	0.1156 (50-day) 0.0955 (200-day)
Average Volume:	8,030,329 (50-day) 5,101,161 (200-day)

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The analyst contributing to this report certifies that the views expressed herein accurately reflect the analyst's personal views as to the subject securities and that he has not been given shares, or bought shares, of the subject company.

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