



Michael S. (Mickey) Fulp

www.MercenaryGeologist.com

www.MercenaryGeologist.asia

Contact@MercenaryGeologist.com



Disclaimer

I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in a technical report, commentary, interview, presentation, this website, and other content constitutes or can be construed as investment advice or an offer or solicitation to buy or sell stock. Information is obtained from research of public documents and content available on the company's website, regulatory filings, various stock exchange websites, and stock information services, through discussions with company representatives, agents, other professionals and investors, and field visits. While the information is believed to be accurate and reliable, it is not guaranteed or implied to be so. The information may not be complete or correct; it is provided in good faith but without any legal responsibility or obligation to provide future updates. I accept no responsibility, or assume any liability, whatsoever, for any direct, indirect or consequential loss arising from the use of the information. The information contained in a technical report, commentary, interview, presentation, this website, and other content is subject to change without notice, may become outdated, and will not be updated. A technical report, commentary, interview, presentation, this website, and other content reflect my personal opinions and views and nothing more. All content of is subject to international copyright protection and no part or portion of this website, technical report, commentary, interview, presentation, and other content may be altered, reproduced, copied, emailed, faxed, or distributed in any form without the express written consent of Michael S. (Mickey) Fulp, Mercenary Geologist.

Copyright © 2012 Mercenary Geologist. All Rights Reserved.



Share Structure, People, & Projects

A Primer for the Lay Investor



Projects

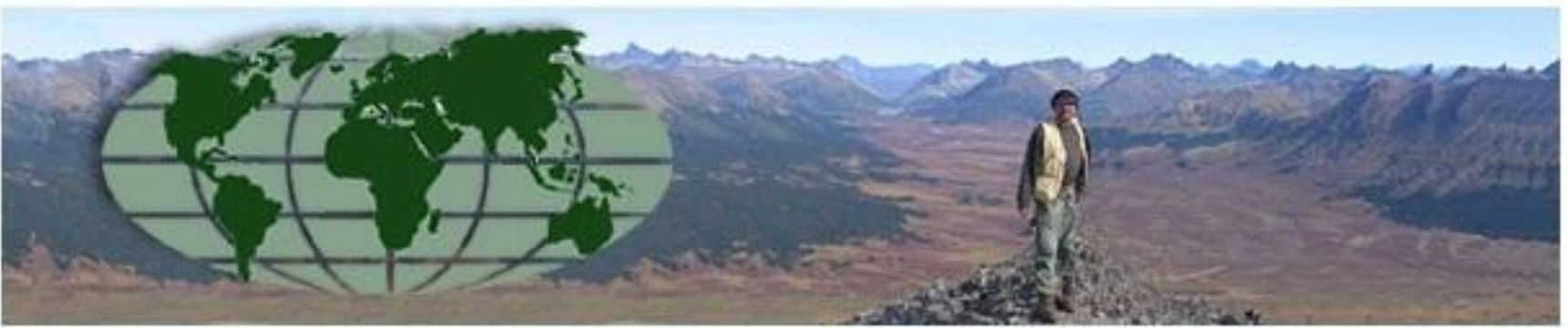
Priority Targets:

- Time Dependent
- Commodity
- Deposit Type, Potential Metal Content
- Location & Geopolitical Environment
- Flagship Project or Project Generator



Flagship Property

- Advanced Project
- Commodity
- Location
- Land Position
- Geological Setting
- Producing or Past - Producing Mines



Flagship Property

- Drill Holes / Results
- Technical Information (Maps & Sections)
- 43-101 or Historic Resource or Reserve
- Metallurgical Testing
- Environmental or Geopolitical Concerns



Engineering & Financing

Pre - Feasibility or Feasibility Study

- Operating Cost
- Capital Cost
- Financing: Debt & / or Equity
- Metal Prices & Recoveries
- Discounted Cash Flow NPV / IRR



Mining & Metallurgical Engineering

- Open-Pit: Strip Ratio
- UG: Waste / Ore, Method, Dilution, Losses
- Metallurgical Process & Recovery
- Reserves & Resources
- Mine Life & Yearly Production
- Exploration Potential



Financials

- Operating Cost
- Capital Expenditures
- Royalties
- Short - & Long - Term Debt
- Quarterly & Year over Year Cash Flow
- Distribution of Profits



What Makes a Good Mine ?

Boom & Bust Commodity Cycles :

- Timing of Development & Production
- Low Capital Expenditures
- Lowest Quartile of Operating Cost Curve



Share Structure

- Shares Outstanding / Fully Diluted
- Share Price High / Low (Doubles \leq 12 mo)
- 52 - Week, 30 - Day, & Daily
- Liquidity (Excellent, Good, Moderate, Poor)
- Litigation



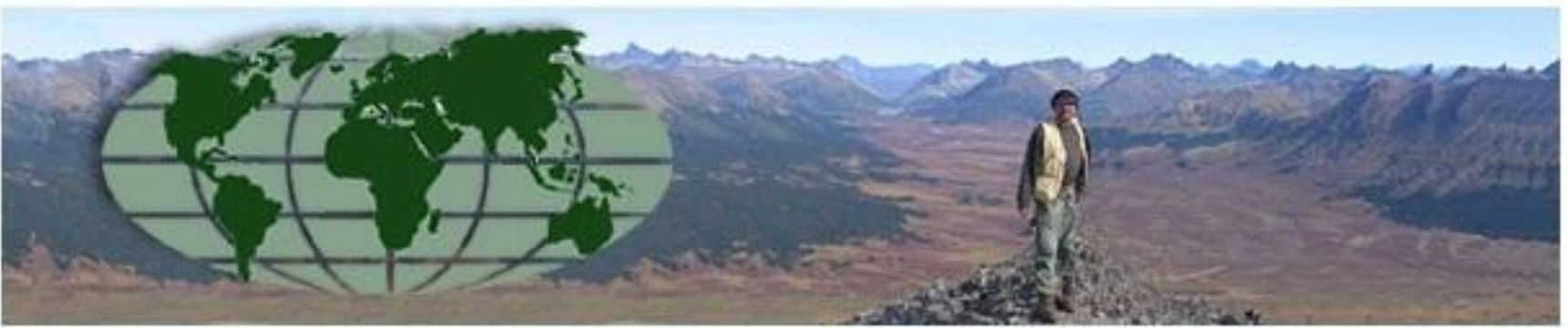
Share Structure

- Working Capital: Cash & Equities
 - Burn Rate (G&A, Land Costs, Exploration)
- Long - Term Debt
- Short - Term Debt
- Recent Financings
 - Proposed, Amended, Closed, Cancelled



Share Structure

- Insiders, “Family & Friends”
- Institutions
- Public Stock Float
- Warrants & Options: Prices & Expiry Dates
 - In - the - Money
 - Out - of - the - Money



People

- Management Team
 - CEO / President, CFO, BOD
- Technical Team
 - COO, Chief Geologist, V-P Exploration
 - Mining Engineer, Metallurgical Engineer
 - Senior / Junior Geologists & Engineers
- Advisory Board of Consultants



People

- Educational & Professional Background
- Experience in Junior Resource Sector
- Success or Failure
- Compensation
 - Salaries, Management Fees, Options, Bonuses



People

- BOD Technical Expertise :
 - Geologists & Engineers
 - One of Each: Financier, Lawyer, Accountant
- Insider Holdings
- Insider Trades



Website

- Professionally Done & Ascetically Pleasing
- Up - to - Date
- Functional Links
- All Project, Share Structure, & Financial Data
- News Releases with Maps & Sections



Questions for the CEO

- Catalyst for Stock Price Double in 12 Months ?
- Cause of Flagship Project Failure ?
- Investment of Merit Compared to Peers ?
- What have you not told me ?



Evaluation of Junior Resource Companies

- 50 % Fail on Flagship Property
- 25 % Fail on Share Structure
- 15 % Fail on People
- 5 % Fail on Website Presentation
- 95 % of 1700 - 1750 Juniors Fail



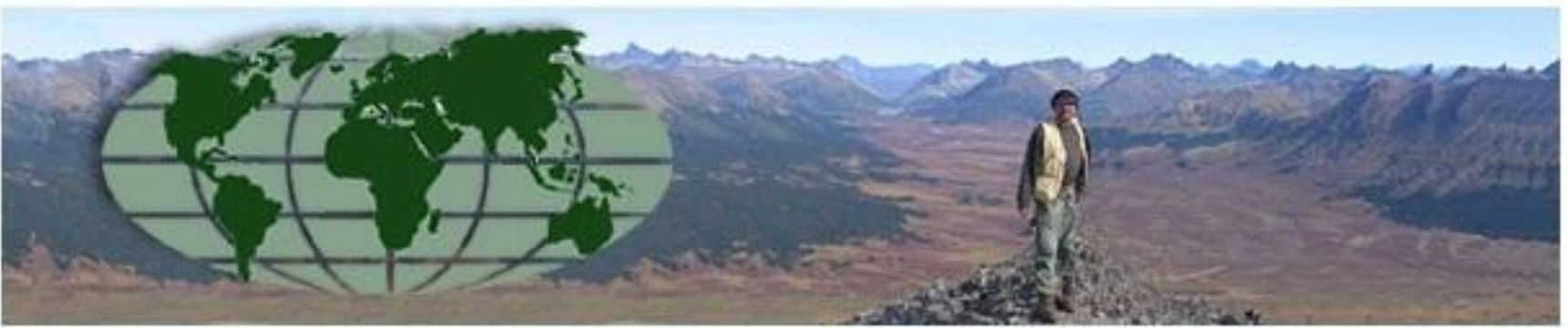
Evaluating Junior Resource Companies: Share Structure, People, & Projects

- Three Key Criteria : 5 % Pass = 80 - 90
- Final Test: Undervalued with Peers
- 20 % of 80 - 90 Undervalued
- 15 - 20 Stocks on My Radar Screen



The Power of Two

- Speculating and Trading Philosophy
- Pick Undervalued Stock
- Doubles in 12 Months or Less
- Sell $\frac{1}{2}$ of Position
- Cost Basis = Zero for $\frac{1}{2}$ of Position



The Power of Two

- Playing with Someone Else's Money
- Reinvest Money in a New Undervalued Stock
- Open Orders to Sell $\frac{1}{2}$ at Double
- Programmed Selling at Intervals on Uptick
- Programmed Selling at Intervals on Downtick



Evaluating Junior Resource Companies

- Most are *Mining the Stock Market*
- Do Your Own Due Diligence & Research
- A Day Without Learning is a Day Wasted
- Subscribers: Company Evaluation Template



Monday Morning Musings from Mickey the Mercenary Geologist





www.MercenaryGeologist.com
www.MercenaryGeologist.asia
Copyright 2012

Contact@MercenaryGeologist.com