



Mercenary Alert: There Is One Undervalued Yukon Stock

A Special Alert Musing from Mickey the Mercenary Geologist

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At times in overbought and overwrought markets it's nearly impossible to find an undervalued company in the junior resource sector.

I remember that was the case from the early summer of 2007 to the spring of 2008. I stalked the aisles of the exhibition halls on the investment conference circuit for nearly a year and found little of interest. And most of what I found was doomed to failure during the global financial crisis of late 2008 to early 2009.

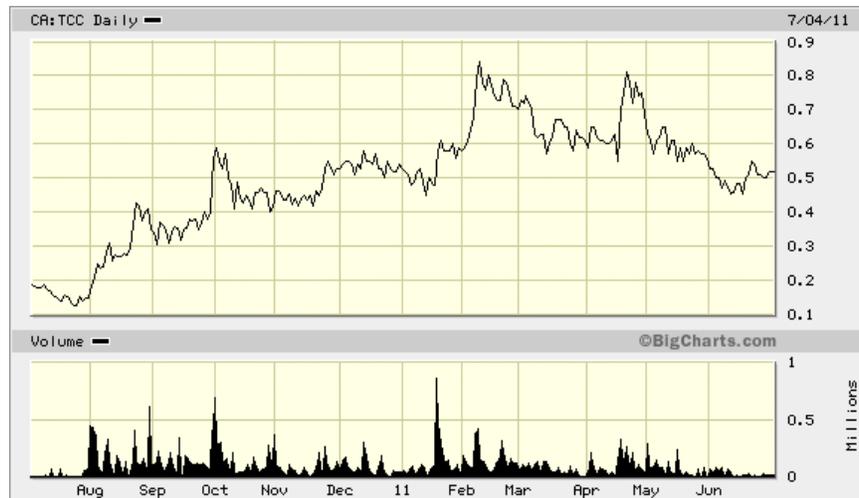
That is not the case in the recently unsettled commodities sector. Using the TSX Venture Index as a benchmark, overall junior resource valuations are down 20% since their highs preceding the PDAC in early March of this year. There are many interesting deals on the table but speculators should exercise caution. With the summer doldrums underway, I expect weakness in the market to continue.

As a contrarian, I like the periodic market corrections within a secular bull market because they present buying opportunities. A recent example is the post-Fukushima uranium sector ([Mercenary Interview, May 24, 2011](#)).

A sector where there is little speculation value for me this summer is the Yukon, the hottest exploration region on the planet. Simply put, Yukon gold explorers are so expensive it hurts my eyes to look at their one and two year stock charts. When I look at the near-term exponential run-ups, it's easy to foresee stock chart mountain tops and ski slopes on the far side.

I should qualify that bold statement and say, with one exception:

I brought [Tarsis Resources Ltd \(TCC.V\)](#) to your attention in a subscriber-only posting in early January when it was trading at 48 cents ([Mercenary Alert, January 7, 2011](#)). Since then it ran with the rest of the Yukon juniors to a yearly high of 95 cents (for nearly a double in four weeks) before falling back with the general market correction and low volume to near its mid-January level:



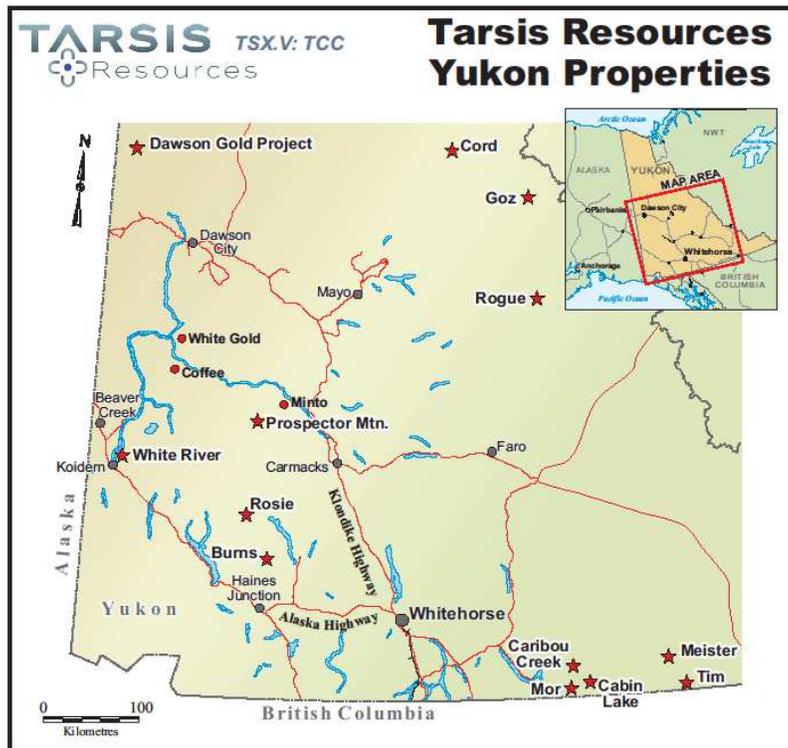
Tarsis Resources Ltd is a prospect generator exploring for gold, copper, and base metal deposits. The company's business plan is to advance early stage projects by joint venturing with partners. TCC is run by a strong management team with proven skills in prospecting, exploration, and project development. The company currently holds 14 properties, including one with a historical resource.

It has 27.4 million shares outstanding and 35.1 million fully diluted, including 5.4 million warrants with an average strike price of 43 cents and 2.3 million options. The company is tightly-held by insiders at 11% and Almaden Minerals Ltd at 15%. Kinross Gold recently took a major position thru a private placement for \$1.6 million at 60 cents to control 9.9% of the shares. Market capitalization is a paltry \$14 million and working capital stands at \$2.0 million.

The people that run Tarsis Resources are familiar to my dedicated readers with three serving as principals of sister company Almaden Minerals Ltd (AAU.AMEX). I first wrote about Almaden last summer ([Mercenary Musing, July 19, 2010](#)) when it was trading at 88 cents. We had our double in three weeks, the stock has gone on to hit a high of \$5.35, and it currently trades at about \$3.30.

CEO Marc Blythe is a New Zealand mining engineer and prospector and currently serves as Vice President of Mining for Almaden. CFO Mark Brown heads Pacific Opportunity Capital and is associated with many successful companies including Almaden where he serves as a director. Technical advisor Duane Poliquin is Chairman of Almaden Minerals. Independent directors include Adrian Fleming, Craig Lindsay, and Gerald Carlson, all familiar names in Vancouver junior resource circles.

Tarsis currently holds one project in Mexico and 13 in the Yukon:



The **Erika** project is located in Guerrero, Mexico. It is an epithermal gold play with historic mining of clay and mercury from a large alteration zone. Host rocks are altered carbonate and volcanic rocks. A seven hole program in 1997 encountered assays > 1 g/t. Tarsis recently completed nine drill holes and announced another 1500 meters of drilling. Assay results are imminent.

Tarsis Resources' plays in the Yukon include:

- **Prospector Mountain, Burns, Rosie, and White River** are porphyry copper-gold targets. Prospector Mountain is joint-ventured to Silver Quest Resources, which can earn 70% by completing a feasibility study. An eight hole program in 2010 returned narrow zones of gold-silver mineralization.
- **Cord, Dawson, and Rogue** are early stage sediment-hosted gold prospects.
- **MOR, Caribou Creek, and Cabin Lake** are volcanogenic massive sulfide prospects. Two historic holes at MOR intersected low grade polymetallic mineralization.
- **Goz Creek, Meister, and Tim** are Mississippi Valley-type lead-zinc-silver projects. Goz Creek has a small, high-grade, historic zinc resource.

Tarsis Resources has been successful in generating new prospects with a multi-disciplined reconnaissance exploration program. To become a successful prospect generator, it must find partners for 12 projects in the Yukon.

I opine that should be a relatively easy task with the current number of juniors exploring in the Yukon and/or seeking projects of merit and the amount of money available for exploration in the province.

With a well-managed share structure, experienced management and technical people, a bevy of early-stage prospects available for joint venture in the Yukon, and a low market cap, I think Tarsis Resources Ltd has a strong chance of doubling in 12 months or less.

I am a TCC shareholder and the company is a website sponsor of MercenaryGeologist.com so my views are naturally skewed to the upside.

Please do your own research to determine if Tarsis meets your speculative criteria and could fit into your portfolio.

Ciao for now,

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The [Mercenary Geologist Michael S. “Mickey” Fulp](http://MercenaryGeologist.com) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has over 30 years experience as an exploration geologist searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey has worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for the past 24 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey’s professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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Disclaimer: I am a shareholder of Tarsis Resources Inc and it is a sponsor of my website. I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in a report, commentary, this website, interview, 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

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