



## **Mercenary Alert: Update on Avrupa Minerals Ltd**

**A Special Alert Musing from Mickey the Mercenary Geologist**

**For Subscribers Only**

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**[Avrupa Minerals Ltd \(AVU.V\)](#)** is a prospect generator focused on southern and eastern Europe. “Avrupa” means “Europe” in several eastern European languages and is eponymous with the company’s operational base.

Avrupa has successfully implemented the prospect generator model since inception in mid-2010 (**[Mercenary Musing, July 12, 2010](#)**). I have written about AVU in four previous **Mercenary Alerts** and invite you to peruse them for a refresher course and background on the company (**[January 7, 2011](#)**; **[March 7, 2011](#)**; **[July 4, 2011](#)**; and **[July 20, 2012](#)**).

Avrupa remains a little known junior operating in countries that are little known for mining and exploration. With exception of its back-office in Vancouver, it has minimal presence in the Americas and is likely on few investors’ radar screens. Yet in its short history, Avrupa Minerals has generated a steady stream of projects of merit resulting in joint ventures with a mid-tier mining company and a new junior explorer.

I have known the company CEO Paul Kuhn for over 25 years and think highly of his geological ability and widespread experience in Europe and Asia. Other key members of management include Mark Brown of Pacific Opportunity Capital, and directors and geologists Don Ranta, who is also COB of Rare Element Resources, and Greg McKelvey. Avrupa’s technical team in Portugal is led by Adriano Barros with more than 40 years of in-country exploration and mining experience, geologist and manager Bryan MacFarlane, and a cadre of young, well-trained Portuguese geologists.

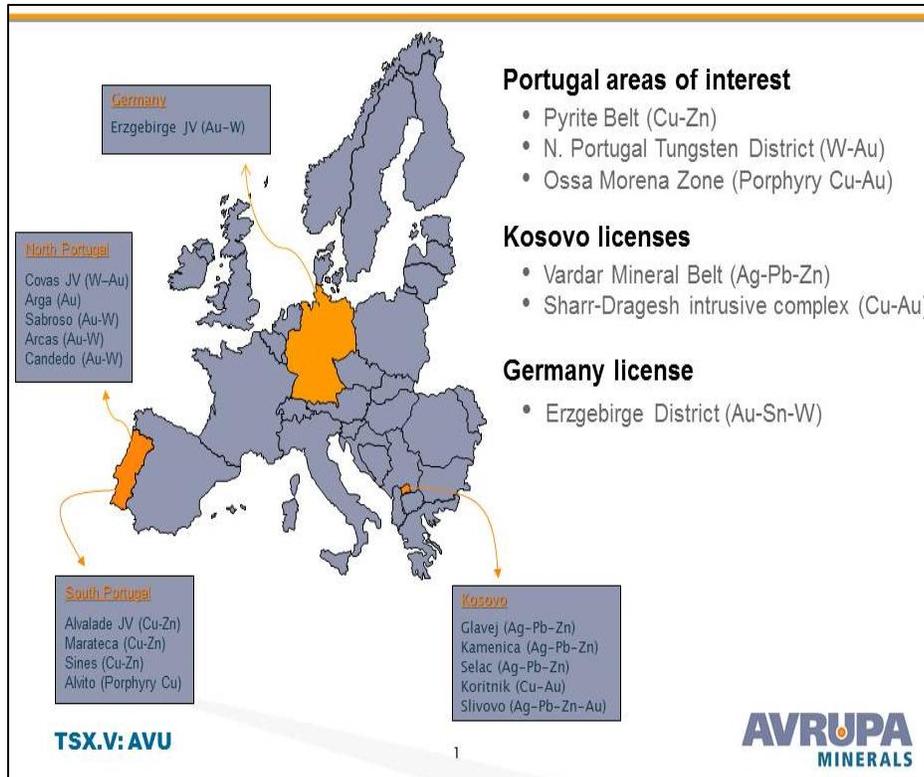
Since I wrote about AVU last summer, it completed a \$1.2 million private placement financing with its strategic group of investors (including me) at 15 cents. AVU has 28.6 million shares outstanding with 44.7 million fully diluted. Included are 13.3 million warrants at 25-55 cents and 2.7 million options from 15-35 cents, all currently out-of-the-money. The company has an estimated \$500,000 of uncommitted cash with two active joint ventures that supply money for exploration. It is actively pursuing new joint venture partners to fund exploration on other projects, particularly in Portugal.

AVU is 46% held by insiders, family, and friends with resultant low liquidity. The company has a 52-week high of 34.5 cents and low of 7.5 cents. It now trades at 9 cents with a market capitalization of \$2.5 million, reflecting the severe downturn of the junior resource sector over the past year:



Avrupa Minerals Ltd has a large portfolio of exploration projects including:

- Copper and zinc at **Marateca** and **Sines** projects and the **Alvalade** joint venture with Antofagasta Minerals (AMSA), all located in the Iberian Pyrite Belt of southern Portugal;
- Tungsten and gold in northwestern Portugal at the **Covas** joint venture with Blackheath Resources Inc ([Mercenary Alert, February 28, 2013](#));
- Gold and tungsten on the **Arga** license adjacent to the Covas JV and the **Sabroso, Arcas**, and **Candedo** licenses;
- Copper-gold porphyry and epithermal precious metals potential in southern Portugal within the **Alvito** project area;
- Lead, zinc, and silver in Kosovo on the **Glavej, Kamenica, Selac** properties and a polymetallic gossan at **Slivovo** in the Trepca Mineral Belt, Europe's most productive, historic lead-zinc district.
- A copper-gold-bearing intrusive complex in southern Kosovo within the **Koritnik** exploration license area;
- Gold and tin in eastern Germany on the **Oelsnitz** exploration license in the historic Erzgebirge district, which has been a producer of tin, tungsten, silver, base metals, and uranium for over 1000 years.



At the Alvalade project in southern Portugal, partner Antofagasta Minerals has spent \$2.8 million to date in two phases of exploration drilling. After employing a geological re-interpretation of the rock sequence, the joint venture encountered volcanogenic massive sulfide-style alteration and stringer copper-gold mineralization in its second round of drilling. A third drill phase of 4500 meters is in progress now. Antofagasta must spend another \$1.5 million to earn 51% of the project and produce a feasibility study to earn 75%.

At the Covas joint venture in northern Portugal, Blackheath Resources has advanced approximately \$725,000 to earn 51% of the project. It must spend an additional \$585,000 to earn 70% and produce a pre-feasibility study to earn 85%. A first round of drilling consisting of 1600 meters in 15 holes returned some impressive intercepts at three targets including 1.56% WO<sub>3</sub> over 11.4 m, 0.79% WO<sub>3</sub> over 1.6 m, and 2.11% WO<sub>3</sub> over 8.0 m.

Avrupa Minerals is currently seeking a joint venture partner for its concessions in Kosovo and is evaluating results of the early-stage reconnaissance effort in eastern Germany. Decision points on these projects are forthcoming in the near future.

I have visited Avrupa's projects in northern and southern Portugal, Kosovo, and eastern Germany. Although all possess geological merit, I expect the company to remain focused on its successful programs in Portugal.

In the Iberian Pyrite Belt, the company's volcanogenic massive sulfide targets are compelling, and I opine that a new drill discovery will be made with partner Antofagasta Minerals. However, as with all largely conceptual and covered exploration targets, determining the timing of discovery is mere guesswork. I am

cautiously optimistic that the current round of drilling will be successful, but we must wait for truth tool results.

Northern Portugal hosts a major historic and currently producing tungsten district. The principals of Blackheath Resources have “been there and done that”, and I fully expect them to be successful once again in exploration and development of tungsten resources.

Even though metals and energy demand and therefore, prices remain healthy, the junior resource market continues to be decimated by lack of interest from speculators. Most companies cannot raise money to continue exploration and even when they are able, current shareholders suffer severe dilution at depressed share prices.

One advantage of a well-run prospect generator company is its ability to survive extended market downturns with a low burn rate and responsible stewardship of its working capital. This is because funds are provided by good partners exploring its properties. However, because most prospect generators do not have a flagship resource property, their share prices often become more depressed in bear markets.

Avrupa is a well-situated prospect generator with the following attributes:

- A favorable and tightly-held share structure.
- A group of strategic investors committed to funding the company as needed. That said, Avrupa is actively pursuing new joint venture opportunities and alternative financing avenues to avoid equity raises and shareholder dilution.
- Two joint ventures with meritorious projects and strong partners.
- A current drill program with a good chance for a significant copper discovery.
- A concerted and on-going effort to option its other Portuguese properties to strong exploration and mining partners.

With a current share price of 9 cents and market cap of \$2.5 million, Avrupa Minerals Ltd appears to me to be on sale.

Note that I am a shareholder of AVU with a higher cost basis than its current share price and the company pays a fee to sponsor my website. My skin in this game obviously creates bias in these remarks. Please do your own diligent research to determine if you agree or disagree with my opinions.

Ciao for now,

Mickey Fulp  
Mercenary Geologist



**Acknowledgement:** Michelle Lopez is the editor of [MercenaryGeologist.com](http://MercenaryGeologist.com).

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 35 years experience as an exploration geologist and analyst 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 worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 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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