



Mercenary Alert

Avrupa Minerals Ltd: A Unique Approach to Exploration in Europe

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 with a main focus in Portugal and interests in Kosovo and Germany. Avrupa specializes in bringing new ideas and modern exploration methods to old mining districts in southern and eastern Europe.

Many analysts and professional investors in the resource sector, including yours truly, are partial to the prospect generator model (**[Mercenary Musing, July 12, 2010](#)**).

I first mentioned Avrupa Minerals to subscribers in early 2011 when it was trading at 46 cents (**[Mercenary Alert, January 7, 2011](#)**). AVU reached an all-time high of 60 cents when I initialized formal coverage in early March of that year (**[Mercenary Alert, March 7, 2011](#)**).

You may review the company's progress via my subsequent progress reports (**Mercenary Alerts: [July 4, 2011](#); [July 20, 2012](#); and [March 29, 2013](#)**).

Since my last musing 10 months ago, Avrupa has made considerable headway on its two previously joint-ventured projects, signed a new joint venture and added new prospects to its Portuguese portfolio, and consummated a joint venture deal on an existing project in Kosovo. Perhaps more importantly, it inked a strategic alliance for exploration funding with a well-known mineral royalty company.

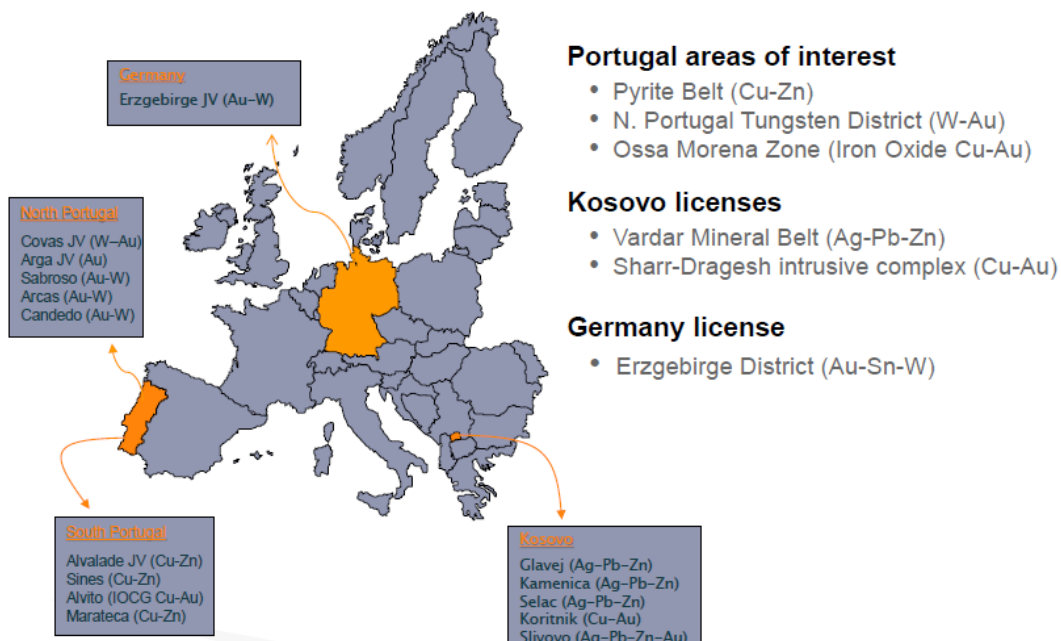
Avrupa Minerals' share performance has suffered over the past year along with many of its prospect generator peers. It has 38.5 million shares outstanding with 65 million fully diluted. Warrants that are currently out-of-the money are priced at 15 to 50 cents with expiries ranging from March 2014 to October 2016. They account for most of the potential dilution but also could provide up to \$5.4 million in additional working capital. The company has a 52-week high of 16.5 cents, low of 3.5 cents, and a current price of 11 cents, giving a market capitalization of \$4.2 million. It has a current cash position of about \$400,000.

AVU retains a group of committed investors including insiders, family, and friends who control 46 % of the outstanding stock. Therefore, the company generally has very low liquidity. A Toronto-based fund facing redemptions resulted in 3.1 million shares trading hands from late June to mid-August. However, Avrupa's savvy management researched the source and soon realized who was selling, determined the size of the remaining position, and acquired most of the offers. The net result was the stock price rebounded immediately when the sell-off ceased on August 15, and the shares are now in stronger hands.



I reviewed the company's management before and encourage you to consult past musings for this information.

Avrupa Minerals currently holds 15 exploration licenses in three European countries, including nine in Portugal covering 2980 sq km, five in Kosovo covering 153 sq km, and one in Germany covering 307 sq km:



Avrupa Minerals Ltd: Projects in Europe

Avrupa Minerals operates three joint ventures in the mineral-endowed and underexplored country of Portugal and currently has seven other exploration licenses in its exploration pipeline:



AVU's progress in Portugal over the past 10 months has been impressive and includes the following:

- Joint venture partner Antofagasta Minerals earned 51% of the Alvalade property in the Pyrite Belt by drilling 24 holes totaling 11,000 m and spending \$4.3 million. Avrupa operates the JV and recently commenced a new drill program comprising 3500 meters in 10 drill holes.
- Joint venture partner Blackheath Resources earned 70% of the Covas property by commencing a second round of drilling and spending a total of EUR 1.0 million.
- Avrupa completed a joint venture deal with Blackheath Resources (BHR.V) for its Arga project in northern Portugal. Arga is adjacent to the Covas project and targets are intrusion-related tungsten-gold deposits. Blackheath can earn 51% by spending EUR 200,000 by March 2015. There are further earn-in expenditures and a pre-feasibility study required for BHR to earn a maximum of 85%.
- The company initiated a strategic alliance with a long-lived Canadian company, Callinan Royalties. Callinan will provide generative exploration funds of \$150,000 in Portugal for one year with an option of providing \$100,000 over each of the subsequent two years. In turn, Avrupa will grant Callinan a 0.5% NSR royalty on any new projects acquired as a result of the generative exploration work.

A 1.5% NSR will be granted for an additional \$150,000 in exploration on a new project. If Avrupa then determines the project merits additional funding, Callinan has the option of contributing on a 50-50 basis with Avrupa at the same royalty interest.

If proposed by Avrupa, Callinan has the option to fund \$150,000 in exploration work on existing mineral properties and earn a 1.5% NSR. Avrupa can also propose generative exploration in other European countries under the same terms.

- Under terms of the Callinan alliance, Avrupa received \$150,000 to continue exploration on its Alvito license in southern Portugal in return for a 1.5% NSR. Sixteen target areas have been outlined with potential for iron oxide-copper-gold, epithermal silver, and volcanogenic copper-zinc massive sulfide mineralization.

Avrupa Minerals Ltd also has achieved significant results on other fronts since the end of Q1 2013.

- It completed two financings with its strategic group of high net-worth investors for a total raise of \$950,000.
- The company announced the appointments of geologist and mining executive Paul Dircksen and accountant Ross Stringer to its Board of Directors. I have known Paul since 1985 and heartily commend this particular appointment.
- It signed a joint venture deal on its Slivovo project in central Kosovo with Byrncut International Ltd, a private Australian mining services contractor that is part of the German mining conglomerate Thyssen Schachtbau. Byrncut has the option to earn 51% interest by spending EUR 1.0 million in exploration by March 2015, 75% with an additional EUR 2 million expenditure by March 2016, and up to 85% by completing a pre-feasibility study by March 2017. Slivovo hosts metals-bearing gossans with potential for gold-bearing massive sulfide mineralization typical of the Vardar Zone of east-central Europe.
- It is re-evaluating its license in the Erzgebirge (Ore Mountains) of Saxony, eastern Germany for tin potential after receiving recent interest from potential partners.

I am duly impressed by the progress made by Avrupa Minerals Ltd over the past 10 months in a very bad market for most junior explorers. The advantages of the prospect generator model are evidenced by this little company that holds 15 projects in three countries and, for the most part, is spending other companies' money to explore them.

In particular, the new strategic alliance with Callinan Royalties will allow AVU to generate new Portuguese prospects without significantly depleting its existing cash reserves. I opine that Avrupa will likely attract joint venture partners for some of its other projects in the short-term.

I remain a dedicated shareholder of Avrupa Minerals Ltd and it is a sponsor of my website so my opinions are biased. I have participated in four private placements over the years in this company, am obviously in it for the long-haul, and have yet to sell a single share. Note that my cost basis is higher than its current share price.

I suggest you may want to take a look at Avrupa with a consideration toward accumulating a share position in a built-for-the-long haul prospect generator at depressed prices in a bear market. As always, please do careful due diligence before making any investment decision.

Ciao for now,

Mickey Fulp
Mercenary Geologist



The [Mercenary Geologist Michael S. “Mickey” Fulp](#) 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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