



What Do the Drill Results Mean? An Analyst's View

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Warning: This blog is merely a teaser for others to come.

It's a relatively straightforward task for a lay investor to do his own due diligence on a junior resource company. But this seemingly simple task requires concentrated work and careful research. Most speculators are unwilling to devote the requisite time and energy (most people are basically lazy by nature) and subsequently they are left holding the bag by the many sharks, shysters, charlatans, and snake oil salesmen that populate company management in our microcap business.

There are three main criteria for speculation: Share structure, people, and projects. All have to be top notch for a company to attract my interest. Plus the company must be undervalued at present. Why the hell else would you or I choose to buy it??

That's why I cover no more than 10 companies, hold stock in another 10-15, and have 15-20 on my radar screen. Do the math: There are 1750 Canadian juniors. At any given time, I have passing interest in little more than 2% of them. Most of the rest are simply *mining the stock market*.

For me, the REE sector is a bit of an anomaly. I hold and cover four companies. At last count I saw, there are about 75 juniors listed on the Toronto and Venture Exchanges with some exposure to rare earth elements. Whoop-de-friggin'-do, that's a whopping 5%!

These four are the best of the best in my opinion and they are long term investments not trades. I have traded in and out of another four companies in REE space during the past 10 months. I got spooked by the market in May, sold out of 10 stocks completely and took profits. That number included three rare earth companies.

Undoubtedly the toughest task for a diligent lay investor is to assess the viability of a flagship project. Is this project or that project real or not? That folks, is the \$64,000 question.

I have a distinct advantage over most speculators with seven years of geological education and over 30 years beating up rocks in some far-flung part of the Earth. That's why I'm an analyst and most of you are not. There is no way that an average investor can ever get up to snuff on geology and this is the one critical area where a layman needs a geologist-analyst's help.

A big part of my job is to educate the lay investor. You all know I'm writing a book devoted to the subject. Investors often are confused with drill news and what those results actually mean. That's why in future contributions, I'm going to weigh in on recently announced drill results from companies playing the rare earth and/or rare metal games.

Consider this contribution merely an "appy" for the main course "meat on the bone" to be served. You may walk away hungry for more, but I guarantee you will be entertained.

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 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 22 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 throughout the mining and exploration community due to his ongoing work as an analyst, newsletter writer, and speaker.

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