



Avrupa Minerals Ltd: A New Way to Play and Not to Pay in Europe

A Monday Morning Musing from Mickey the Mercenary Geologist

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My subscribers got their first hint of a prospective new company on January 7, exactly two months ago today. Others got left out in the cold on a gray wintry afternoon.

Although my newsletter is completely *free*, it actually *pays* to be a subscriber. That's because I issue periodic **[Special Mercenary Alerts](#)** that are available only to my thousands of loyal followers.

I'm letting the secret out of the bag to everyone else today:

[Avrupa Minerals Ltd \(AVU.V\)](#) is a little known prospect generator operating in little known countries. "Avrupa" means "Europe" in several eastern European languages reflecting the company's operational base. It is a new company with eight base, strategic, and precious metals exploration projects in Portugal and Kosovo. With exception of a back-office in Vancouver, Avrupa has little presence in the Americas and is likely on few investors' radar screens.

I have known CEO Paul Kuhn 25 years and think very highly of his geological ability and widespread experience in southern and eastern Europe and western Asia. I expect a steady stream of projects to be generated, acquired, and made available for joint venture in the coming months. That's part of the reason I like Avrupa: It plays with other companies' pay.

With that introduction, let's delve into the details of Avrupa Minerals Ltd. First the share structure:

Avrupa currently has 16.1 million shares outstanding and 24.5 fully diluted including 6.3 million warrants at 50 and 55 cents that expire in January to May 2012, and 1.7 million options ranging from 20 to 40 cents that expire in 2012 to 2015. It has a \$7 million market capitalization and \$2.0 million in the bank.

AVU launched from a capital pool company in mid-July 2010 and immediately shot from 15 to 48 cents. The company's high is 52 cents and it has generally traded in a range of 40-50 cents since inception. A flurry of stock turned over in late November thru early December after qualifying transaction private placement paper priced at 35 cents became free and stock certificates were cleared for US investors to trade. This selling drove Avrupa to an all time low of 33 cents but it quickly rebounded by late December.

Insiders, family, and friends hold about 40% of the company. The public float is less than 10 million shares but a significant part of that is held by long term strategic investors and the stock basically trades by appointment only. I expect liquidity to improve as the company's share price increases and additional financings are done at higher prices.



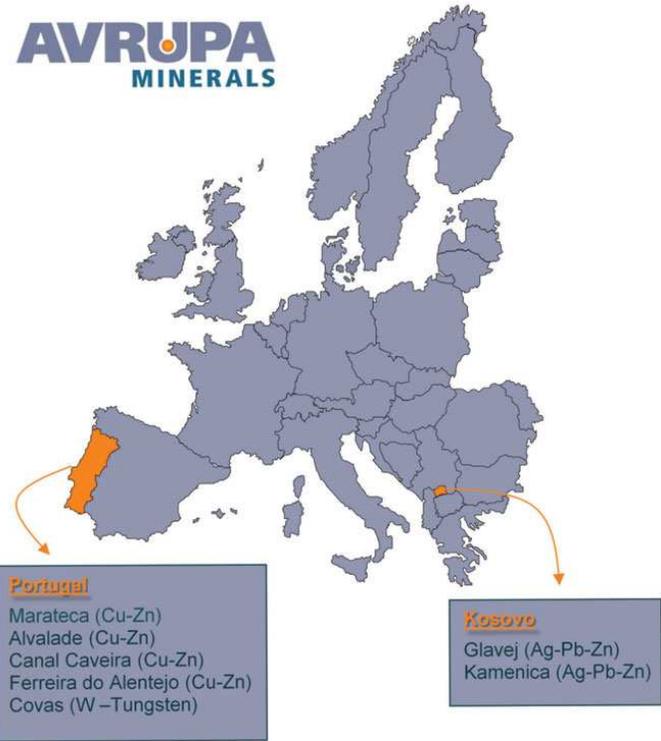
I previously mentioned my longtime friendship with Paul Kuhn. Paul has spent the majority of his career across the pond and knows the countries with high geological potential and acceptable geopolitical risk. Other key people in the company are involved with sister companies Rare Element Resources and Animas Resources Ltd, including Directors Mark Brown, Greg McKelvey, and Don Ranta. Some usual suspects are involved as a group of strategic investors and are well known in junior resource financial circles.

The technical side of the company is also in good hands with experienced European geologists and engineers in Portugal and Kosovo including Adriano Barros, Paul Nellis, and Dr. Michael Diehl. The company is fully staffed with competent geological and geotechnical crews in both countries where it operates.

Avrupa's property portfolio consists of eight projects at this juncture, four in Portugal and four in Kosovo:

- Copper and zinc in Portugal at **Marateca, Alvalade, Canal Caveira, and Ferreira do Alentejo** in the **Iberian Pyrite Belt** where Europe's richest active copper mine is located.
- Tungsten in Portugal at the **Covas** prospect.

- Lead, zinc, silver, copper, and gold in Kosovo at the **Glavej**, **Kamenica**, **Bajgora**, and **Rezhanc** properties in the **Trepca Mineral Belt**, historically Europe's most productive district for lead and zinc.



Avrupa Minerals Ltd Projects in Portugal and Kosovo

The Portugal and Kosovo projects are in areas with existing mines and strong geological potential for additional economic base and precious metal deposits. Avrupa intends to advance the properties to a level where entire country or area packages become attractive to potential joint venture mining partners who would continue to move the projects forward and, if exploration is successful, have the capability of mining them.

Avrupa is presently drilling on its Marateca license and will complete three holes totaling 1300 meters to test stockwork and massive sulfide targets. The company also plans 1000 meters of drilling in Kosovo to upgrade the Glavej and Kamenica licenses to a level where joint ventures partners are attracted. Targets for the first-pass drilling program are carbonate replacement lead-zinc-silver deposits.

I will visit Avrupa's best projects in Portugal and Kosovo during a tour of Europe in the late spring and will report on my findings in a subsequent musing.

Kosovo is a small country emerging from a socialistic background. It has been independent for about two years and has opened up to capital investment from the West. Kosovo has a recently elected democratic government recognized by the international community with on-going in-country support and security from the European Union, NATO, and the United Nations.

Governmental organizations continue to learn Western-style democratic processes and are guided by international assistance and encouraged by the long-term European Union admissions process. With continued economic growth, potential security issues should continue to be of less importance.

The Trepca mining and smelting complex is a backbone of wealth in Kosovo. However, the company is insolvent and mines need significant overhaul to maintain adequate production levels.

The government recently instituted a new European-style mining law and Avrupa's local subsidiary is one of the first to renew old concessions and acquire new ground. A legal and administrative framework for the mining industry has been established over the past ten years by the United Nations and the Kosovo government. A new ministry for economic development puts all institutions for regulation of corporate bodies under one roof including the former ministry of energy and mines.

According to Avrupa representatives, legal, tax, and administrative institutions for business activities are in place and functioning properly. Political powers are supportive and eager to promote and facilitate the country's mining industry. The mining sector will play an important role for Kosovo's growth.

There is significant greenfields exploration potential in Kosovo. Avrupa is a first mover in the state and has advantages that I discussed in a 2009 musing called "Exploration in Emerging Environments" ([Mercenary Musing, May 18, 2009](#)).

Although an element of geopolitical risk exists in Kosovo, support by world organizations, a modern and organized system for exploration and mining, and a desire by political forces to build a Western-style capital democracy bodes well for business in the country.

Portugal is a country with a rich mining heritage with Roman mining of gold over two thousand years ago. Currently there are two large scale metal mining operations in the country, the Neves Corvo copper-zinc mine and the Panasqueira tungsten mine. Exploration in Portugal has not been systematic and opportunities are plentiful.

The political situation in Portugal is stable, although along with a number of other countries of the European Union the economy is in distress and will likely need some support from the EU.

According to Avrupa's management, the Portuguese government understands the need for exploration, development, and mining investments and generally facilitates the business of exploration. Senior management and technical staff of its mining bureau are accessible and have a pragmatic and flexible problem-solving attitude with a good understanding of North American-style exploration. The country's geological survey is helpful, technically strong, and available for consultancy. Overall attitudes toward permitting are proactive and cooperative.

Avrupa Minerals Ltd is a relatively new start-up company and has made significant progress in only eight months of public trading. It has acquired eight base, strategic, and precious metal licenses in southern and eastern Europe and is advancing them to exploration stages that will attract international mining companies as joint venture partners. AVU has a very tight share structure with a committed group of strategic investors and a nice cash position. It enjoys first-mover status in the geologically endowed and little-explored country of Kosovo and attractive projects in the underexplored northwestern part of the Iberian Pyrite Belt of Portugal. I think the chances of a double in share price of Avrupa Minerals in twelve months or less is highly likely.

I am a founding shareholder of Avrupa Minerals Ltd thru its capital pool company predecessor and participated in a private placement in fall 2010; it also pays to sponsor my website. Clearly my opinions on the company are affected by financial involvement with the company.

As always, I encourage you to do your own research on every junior resource company before speculating in its equities.

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 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 23 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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