



Eurasian Minerals Inc: Shaken and Not Stirred

A Monday Morning Musing from Mickey the Mercenary Geologist

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My chosen profession, economic geologist, can be an exciting, adventurous, dynamic and sometimes dangerous avocation. The junior resource sector operates with venture capital that comes from financial centers thru out the world to Toronto or Vancouver and then flows to where risk is lowest and reward is highest. That often involves projects in emerging market countries.

I wrote previously about assessing geopolitical risk and geological reward in these emerging environments ([International Mining, August 2009](#)). A particularly successful junior that works in these challenging regions is one of my favorite companies, **Eurasian Minerals Inc (EMX.V)**. I first reported on it early last summer ([Mercenary Musing, June 15, 2009](#)).

The previous exploration boom in the early to mid 1990s took geologists to many unexplored areas and resulted in discoveries of world class nickel, diamond, and gold mines by junior resource companies. That boom ended abruptly in 1997-1998 because of three concurrent factors: Falling metals prices, the Bre-X scandal, and failed globalization spawned by Thailand's currency failure.

However, the net result was that many frontier exploration regions on the Earth in the '90s were no longer frontiers in the '00s.

Giant ore deposits are most likely to be discovered where geologists have not trod every kilometer of ground before. In the 21st Century, these prospective regions are remote, inaccessible, dangerous, and/or high risk.

In the current exploration boom, now approaching its seventh year, geologists have gone farther afield and worked in areas where geopolitical risk was unacceptable 15 or 20 years ago. Previously off-limit countries now included on our target lists are located in Central and South America, the former Soviet Union, sub-Sahara Africa, and eastern Asia.

In addition, giant ore deposits are usually located on major crustal discontinuities, i.e., along plate tectonic boundaries.

In lay terms, giant cracks in the Earth's crust penetrate down to the upper mantle and provide the plumbing for molten rock containing or encountering metal-bearing hot waters to rise, concentrate, and solidify into giant mineral deposits.

There is always an element of danger involved in frontier areas, be it climatic, cultural, or political. As exploration geologists, we choose to work in high risk geopolitical environments because of potentially high geological rewards.

But how many junior resource companies and geologists actually consider the real risk of catastrophic geological events in the areas we explore?

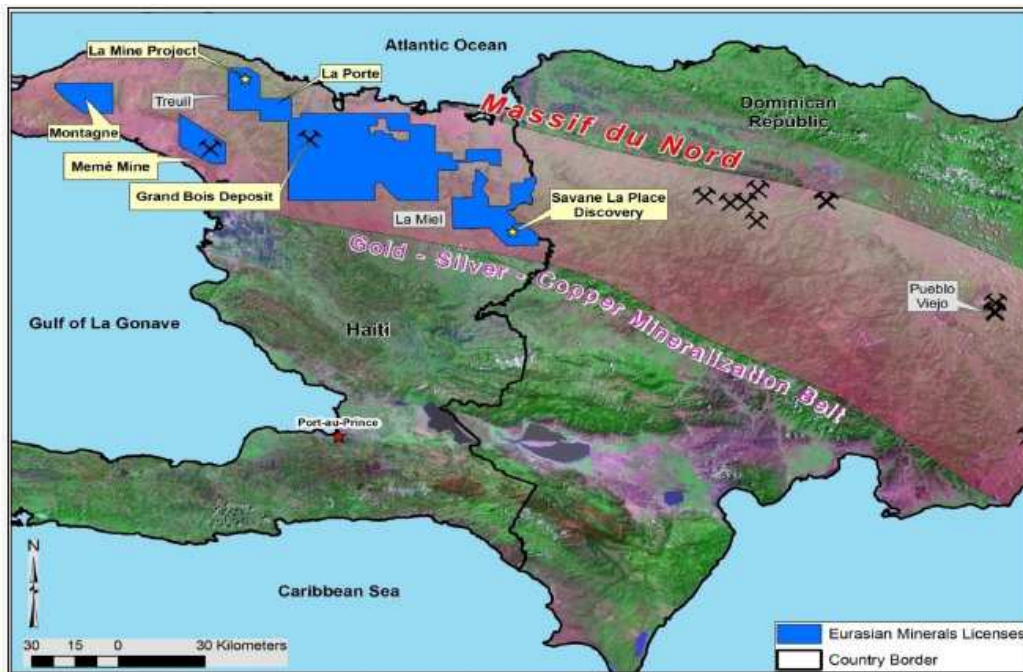
It's really rather simple: We work on plate tectonic boundaries and the major faults associated with them. These faults are the loci of the Earth's largest earthquakes and active volcanoes. Most of us in the field tend to ignore these risks.

I'll admit to not seriously considering geo-hazards despite working in places such as the Callejon de Huaylas in Peru where 30,000 people were buried by an earthquake-caused avalanche in 1971. That's despite the fact that I have been within 100 km of two major earthquakes that killed people: In Chile in October, 1997 and in Peru in June, 2001.

A recent geological event really hit home on January 12, 2010:

The massive 7.3 magnitude earthquake that struck Port-au-Prince, Haiti was one of the most devastating in our Earth's recorded history. Current estimates of the total dead are over 150,000 with millions injured and homeless. Large areas of the capital city were leveled and rich and poor alike have been affected.

If you are a dedicated reader, you know that I visited Haiti in May 2009 and spent three memorable hours negotiating my way around the Port-au-Prince airport arranging passage to the northern port of Cap Haitien ([Mercenary Musing, June 15, 2009](#)). After a trying 24 hours of improvised travel, I was reunited with my party in time to examine two of Eurasian Minerals projects located in the Massif du Nord that parallels the northern coast:



Eurasian Minerals' Concessions in Haiti

There is little doubt that Eurasian Minerals was severely impacted by the earthquake. On that particular day, there was no one in the field in northern Haiti or in Cap Haitien. Ironically, the entire in-country professional staffs of EMX and its joint venture partner Newmont Mining Corporation were in Port-au-Prince for a *health, safety, and loss control course*. Eurasian's two guest houses in the city were destroyed, its office was damaged beyond use, and two geologists were injured. The very good news is there were no fatalities among the staff or their families.

Eurasian immediately went into action, suspended all exploration activities in the country, marshaled its considerable financial resources, personnel forces, and in-country contacts, initiated emergency response procedures, provided for staff and families, and flew in rescue and relief supplies to help the people of Haiti. EMX and Newmont delivered freight containers of medical supplies, food, and water, and provided local transportation of people and supplies.

Once the rescue and relief situation was stabilized, Eurasian's next task at hand was to relocate all its operations to Cap Haitien. This northern coastal city is easily reached by commercial plane from several Caribbean cities other than Port-au-Prince. Eurasian Minerals expects to be exploring again by the first of April. I am duly impressed by how quickly the company has recovered.

Given its strong commitment to investment in the mineral deposits and business development of Haiti, EMX continues to assist in recovery operations with its in-country assets and will contribute to future rebuilding efforts.

Much like a James Bond martini, Eurasian Minerals Inc. was shaken and not stirred.

The company's share structure, people, and projects were detailed in my previous musing and will not be reviewed here, only updated.

Since my last report nine months ago, several positive events have occurred for EMX:

- Newmont selected the Treuil and La Mine concessions as a designated project area and can earn 65% interest by spending \$20 million on exploration and development or delivering a feasibility study.
- Asian-Pacific and Scandinavian exploration and acquisition programs were established.
- Bronco Creek Exploration, a private US company was acquired. Included are 14 copper and gold projects in Arizona, Nevada, and Wyoming with nine currently funded by joint venture partners, and a staff of experienced geologists in Tucson, Arizona.
- Results from the initial round of drilling on Grand Bois' oxide gold cap were released. Highlights of the 2200 m program include these intercepts starting at or very near the surface: 21 m of 1.2 g/t Au, 12 m of 4.3 g/t Au, 30 m of 6.8 g/t Au, 20 m of 3.2 g/t Au, 28 m of 20.5 g/t Au, and 21 m of 10.2 g/t Au.
- A \$5 million private placement was completed at \$2.06 with the International Financing Corporation, financing arm of the World Bank. The IFC now owns 7.5% of Eurasian's outstanding stock.

With the Bronco Creek acquisition and IFC financing, Eurasian Minerals has 34.2 million shares outstanding and 40.8 million fully diluted. There are 1.3 million warrants at \$2.50 expiring in late April, 1.1 million at \$2.00 expiring in January 2012, and 2.0 million at \$2.88 expiring in April 2015. 2.3 million options are set at 80 cents to \$1.81 with expiries ranging from December 2010 to February 2015. The share structure remains tightly held at 39% insiders, including major holders the Rule Family Trust, International Finance Corporation, Newmont Mining, Lundin Mining, Barrick, and David Cole. Various institutional funds control at least 14% and an estimated eight million shares are in the public float. Current market capitalization is about \$70 million with working capital of cash and marketable securities at \$14.0 million.

Eurasian Minerals' burn rate is not low. But it has a worldwide reach and joint venture partners explore its properties to the company's benefit. The company expects to spend about \$3.0 to 3.5 million in 2010 to support seven offices and conduct grassroots exploration developing projects available for joint venture. EMX' partners will spend over \$10 million to earn-in to its properties this year.

The company has traded markedly higher than the \$1.35 when my initial musing was released on June 15.

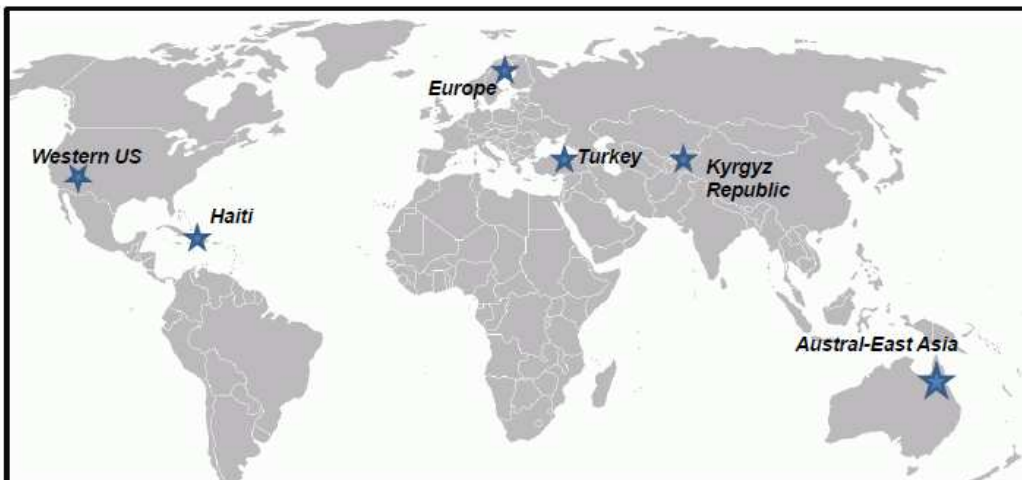
Last summer was a little off-kilter with the usual summer doldrums occurring in June then an overall rally during the typical low season of mid July to early September. EMX followed that general trend reaching lows of about \$1.15 in late July followed by a general uptick into late November at \$1.80. Initial drill results with a bonanza gold intercept on a twinned hole boosted the stock briefly to \$2.80 in early December.

Eurasian was trading at \$2.20 when the earthquake struck and a significant sell off took the stock down to the \$1.70 range. Until recently, the price was flat with a steep rally commencing in early March and

driven by mention on Business News Network, positive drill results at Grand Bois, a booth at the PDAC, and closing of the IFC financing. It has recently traded at or above \$2.00. The 52 week high/low is \$2.80 to 94 cents and the 30 day is \$2.17 to \$1.67.



In my opinion, Eurasian Minerals is a well-run junior resource company with the requisite share structure, people, and projects to reward its shareholders. It is one of the most aggressive prospect generators in our business and has been called “a junior with a major’s portfolio”. Although its most attractive flagship projects are in Haiti, Eurasian has joint venture projects in the Western United States, Turkey, and the Kyrgyz Republic, and active reconnaissance exploration programs in Scandinavia, Eastern Europe, and the Asia Pacific regions:



Eurasian Minerals' Worldwide Project Portfolio

I think that positive news will continue to emulate from Haiti during the spring and summer. In addition, we can expect drill results during the summer and fall from various joint ventured Bronco Creek properties.

Assuming the gold price remains strong and stable and the junior resource stock market continues to be robust, catalysts such as these make me bullish on the long term future of Eurasian Minerals.

As always, I am a shareholder of Eurasian Minerals, it pays a fee as a sponsor of my website, and my opinions about the company are financially compromised. But folks, you know that I only invest in and write about companies that I think are winners. I put my Mercenary money where my mouth is.

I trust this update allows you to be better informed about a stable, disciplined, and successful prospect generator in the junior resource sector. Do your own due diligence and decide if it meets your investment criteria.

And stay tuned; given luck with the drill bit, the returns could be *seismic*.

Ciao for now,

Mickey Fulp
Mercenary Geologist



P.S. It has been little over two months since the massive earthquake devastated Port-au-Prince, Haiti. Yet I have seen nothing on mainstream American news about this horrible event for nearly a month. The infrastructure, economic, and political situation in Haiti is still grim and the people of Haiti continue to need our generous help. Please, as I have done once again today, consider a donation to a legitimate Haitian relief organization. My personal choice is the [American Red Cross Haiti Relief Fund](#).

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 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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