



## **Mercenary Alert: All About Avrupa, Antofagasta, and Alvalade**

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

**For Subscribers Only**

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The prospect generator model works for well-run junior resource companies in both bull and bear markets. Please note that I prefaced this remark with “well-run”.

Less-accomplished juniors of all persuasions are doomed to failure in bear markets of long duration. I speculated in several and even covered a couple of prospect generators during the bull market boom of 2009-2011 that appear to be spiraling slowly downward toward corporate reorganization, management changes, rollback, distressed acquisition, RTO, or worse. Some are now little more than tax-loss sells in waiting.

That said, I also have success stories in the prospect generator arena from those heady days post-global economic crisis, covering both Almaden Minerals Ltd (AAU.MKT) and Eurasian Minerals Inc (EMXX.MKT). Another big winner has been [Avrupa Minerals Ltd \(AVU.V\)](#). I became an early shareholder of this company by speculating in a shell in 2008 and have continually added shares to my account since its startup in late 2010.

My last report on Avrupa was in the late winter ([Mercenary Musing, January 30, 2014](#)), and it's time for a progress report:

- In early February, the company reported drill assays on its 30%-owned Covas, Portugal tungsten project with partner Blackheath Resources Inc (BHR.V), including 3.0 m of 1.26% WO<sub>3</sub>. Thirty-five holes on five targets in two phases of drilling have been completed and have returned mostly narrow, low-grade, and spotty intercepts. In May, the two companies amended their agreement to allow BHR to earn up to 85% of the property by 2017 with exploration spending. In August, a third phase of drilling commenced for up to 20 holes totaling 1300 meters.
- In late February, AVU announced the first greenfields discovery in 22 years in the Pyrite Belt of Portugal on its Alvalade joint venture with mid-tier copper miner Antofagasta Minerals. A high-grade drill intercept at the Sesmarias target returned 10.8 meters of massive to semi-massive and stockwork sulfide mineralization grading 1.81% Cu, 2.57% Pb, 4.38% Zn, 0.13% Sn, and 75 ppm Ag.

In May the partners followed up with two intercepts including: 5.5 m of 0.64% Cu, 0.94% Pb, 1.54% Zn, 1.2 ppm Au, and 37 ppm Ag in a 650-meter step-out; and 1.5 m of 1.66% Cu, 2.3% Pb, 3.66% Zn, and 54 ppm Ag in a 50-meter step-out.

At that time, the partners amended their agreement to allow Antofagasta to earn up to 80% of the project with exploration and development expenditures in five option stages. Under the new scenario, Avrupa will be carried to production with its share of expenditures taken out of initial production gross revenues.

In late July, AVU released drill results from a second round of drilling at Sesmarias. Intercepts included 57.8 m grading 0.32% copper, 0.61% lead, 1.95% zinc, 0.45 g/t gold, and 25.1 g/t silver in an 800-meter step-out to the original discovery.

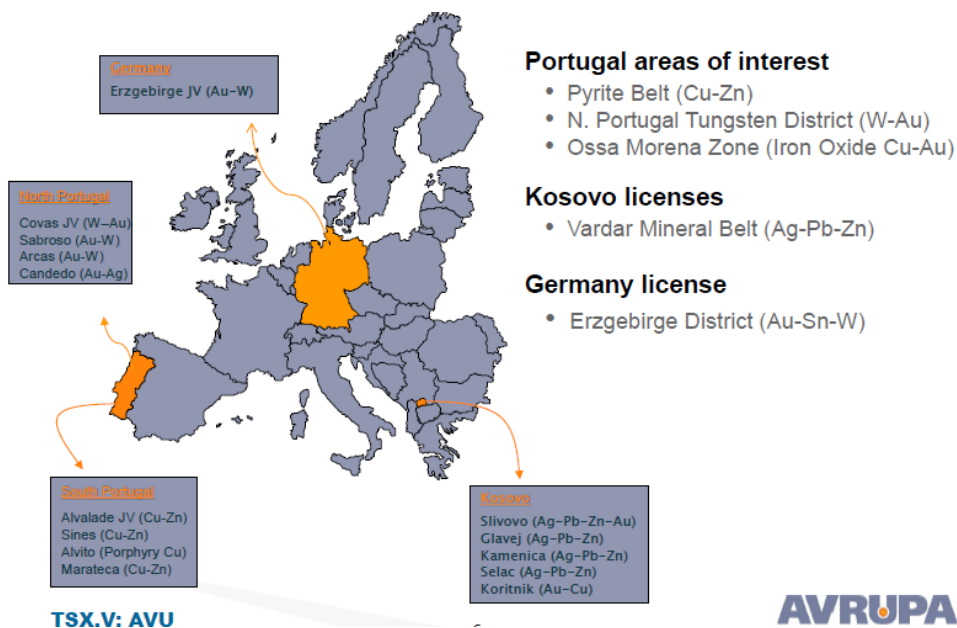
- In April, AVU optioned its Slivovo project in Kosovo to Australia-based Byrnegut International Ltd, part of the worldwide, private Thyssen contract mining group. Byrnegut can earn up to 85% of the project by meeting exploration expenditure requirements and delivering a pre-feasibility study within three years. Targets are polymetallic carbonate replacement deposits similar to the Stan Terg mine and buried porphyry systems. In July, Avrupa released results of mapping, trenching, and rock and soil sampling and announced that an initial drill program will commence later this month.
- In June, Avrupa provided an update on its generative exploration program in Portugal, which is underwritten by a strategic alliance with Callinan Royalties. Work on the Alvito license has defined 22 targets and a partner is being sought. The company applied for two new concession licenses in the Pyrite Belt and one in the northeastern tungsten-gold district. Three other licenses in northern Portugal will be dropped.
- In August, the company closed a \$1.1 million financing at 25 cents with a three-year warrant at 40 cents. Participants were mainly its long-term strategic shareholder group and include yours truly.

Since the end of 2013, Avrupa Minerals has performed admirably in an overall flat junior resource sector. This can be directly attributed to its massive sulfide discovery in the Pyrite Belt. The one-year chart shows a low of 6 cents during tax-loss season and a high of 34.5 cents about a week after the discovery was announced and also briefly in late July. Avrupa is currently trading in the mid 20-cent range on low volumes.

After the recently completed financing, Avrupa has 43.4 million shares outstanding and 73.9 million fully-diluted. Included are 4.1 million options at strike prices of 10-35 cents and 25.6 million warrants at 15-50 cents that could bring in an additional \$8.2 million to company coffers. Expiries range mainly from December 2014 to August 2017. At its current price range, AVU has a market capitalization of about \$10 million.



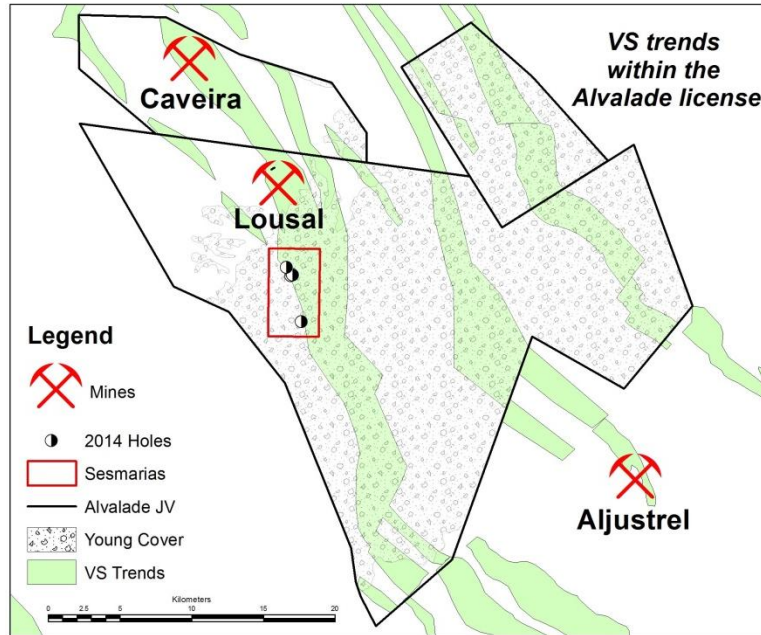
As detailed in my previous musing, Avrupa Minerals has generative exploration projects in three countries: Portugal, Kosovo, and Germany:



That said, most of the current value lies in its four Iberian Pyrite Belt concessions and, in particular, the Alvalade project. Partners Avrupa and Antofagasta have made a potentially important new volcanogenic massive sulfide discovery at the Sesmarias target area.

Folks, this is elephant country. Sesmarias is on the same trend as three major mines, sitting seven km from the past-producing Lousal mine (50 million tonnes), 22 km from past-producer Caveira, and 50 km from Lundin Mining’s giant Neves Corvo mine (400-500 million tonnes production and reserves). In addition, it is 20 km along a parallel trend from Almina Mining’s Aljustrel complex with >200 million tonnes of combined production and reserves.

Here is a map showing the host rock trends within the Alvalade concession:



Although initial drilling has been encouraging, it is technically and geologically challenging. Sesmarias is located eight kilometers from the nearest outcrop with 100-150 meters of post-mineral gravel to penetrate before the target rock package is reached. In addition, folding and faulting have severely contorted and displaced the mineralization making interpretation of drill core and targeting of step-outs difficult.

Despite these challenges, four holes of 13 have hit significant mineralization in a largely reconnaissance effort to understand the rock packages and test geological concepts. Another four holes hit fragments of massive sulfide in fault zones indicating displacement of the original mineralization. One hole was drilled as a twin to the original discovery intercept for downhole geophysical test, one hole did not encounter massive sulfide mineralization in target rocks, and one hole drilled massive pyrite with low metal values. Two other holes drilled into hanging wall and footwall rocks respectively.

I give full credit to Avrupa's geological crew and consultants for developing a new geological model that has basically turned the Pyrite Belt rock section upside down and resulted in the recent success. The discovery occurred in a mature mineral province after many other drill programs failed over the past 60 years.

Company, consulting, and Antofagasta geos are currently taking a break from drilling to review results, work up a revised geological interpretation of Sesmarias, and plan the next phase of exploration. Drilling is expected to resume after the winter rainy season.

Be aware that Avrupa Minerals is not just a one-trick pony in southern Portugal. In addition to many untested targets on the Alvalade license, it has two other projects ready for joint venture in the Pyrite Belt: Marateca with 12 targets and the adjacent Alvito with 22 targets, including both volcanogenic massive sulfide and iron oxide-copper-gold occurrences. Recent exploration on Alvito has been funded by Callinan Royalties thru the aforementioned strategic alliance. Partners to fund drilling are now being sought.

Avrupa has several other irons in the fire in northern Portugal's tungsten-tin-gold district, in Kosovo for Stan Terg-style carbonate replacement deposits and conceptual porphyry targets, and in eastern Germany's historic Erzgebirge tin-tungsten district looking at intrusive-related gold potential. AVU is also actively looking for new opportunities in other countries.

However, for me the company is still all about the Pyrite Belt. For additional information on its other projects, I suggest you consult my previous missive and the company's new corporate presentation, both linked above.

Avrupa Minerals Ltd is one of a few select junior resource companies that has prospered over the past six months of largely disinterested investors, low volumes, and declining market caps. I expect AVU's recent track record to continue with additional success in its next drill program at Alvalade and new joint ventures to be announced on its Portuguese licenses.

For these reasons and its continuing financial support by strategic partners and investors, I remain a dedicated and committed shareholder of the company. At this juncture, I have never sold a share of my substantial holdings. That said, I have target prices in mind as per my trading methodology and will take profits if, when, and as its share price rises.

Because of my financial position in the company and its sponsorship of my website, my opinions about Avrupa Minerals Limited are skewed toward the positive. Please take this into consideration and as always, due your own proper due diligence and research to determine if this particular prospect generator meets your speculative investment goals.

Ciao for now,

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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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