



The Mercenary Geologist's Prospect Generator Review: Q4 2010

A Monday Morning Musing from Mickey the Mercenary Geologist

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This is the third in a year-end series of short musings updating the companies I cover. I think the prospect generator-joint venture business model can be very effective for junior resource explorers. What better way to preserve precious capital and advance projects than to have other companies spend *their* money to earn an interest in *your* property?

I wrote and spoke about the subject in the following postings: [Mercenary Musing, July 12, 2010](#); [The Ellis Martin Report, July 18, 2010](#).

Today we review two companies that I own and cover: [Almaden Minerals Ltd \(AMM.T; AAU.AMEX\)](#) and [Eurasian Minerals Inc \(EMX.V\)](#). I am also a shareholder in three other prospect generators: Estrella Gold with projects in Peru, Millrock Resources focused in Alaska and Arizona, and Tarsis Resources operating in the Yukon.

Both Almaden and Eurasian have made significant progress since we last visited them in the mid summer ([Mercenary Musing, July 26, 2010](#)).

I first covered Almaden Minerals Ltd in mid July ([Mercenary Musing, July 19, 2010](#)) when the company traded at 91 cents. Three weeks later I posted a special alert on the company that remains available to free email subscribers only ([Mercenary Alert, August 20, 2010](#)). Almaden was a great success with a double *in only 15 trading days*.

The company traded as high as \$4.88 on December 1 and closed today at \$4.74. Folks, that's my best pick this year with a five bagger in a less than five months. It's hard to do better than that on a speculative stock bet!



The phenomenal rise in Almaden's share price can be attributed to its exciting new epithermal gold-silver discovery at the Tugligtic project, Puebla State, central Mexico. The project's Ixtaca Zone was a blind target that delivered a robust intercept in the first drill hole of over 300 meters grading 1.0 g/t Au and 48 g/t Ag.

I will be honest with you and say that this project was not the reason I covered AMM and was a pleasant surprise to all concerned, including yours truly. Since the initial discovery hole, Ixtaca has continued to deliver significant precious metals intercepts including 126 meters of 0.86 g/t Au and 62 g/t Ag and 95 meters of 1.3 g/t Au and 80 g/t Ag.

In addition, the company raised \$8.0 million at \$2.50 and it now has a kitty worth over \$23 million in cash, gold, and equities.

Typical of prospect generators, Almaden has many irons in the fire:

- It announced drill intercepts at its flagship Elk Mine project near Kelowna, B.C. that included 3.25 meters of 46.7 g/t Au and 14.5 meters of 1.46 g/t Au.
- It staked the 10,000 ha Tierra prospect with extensive clay and silica alteration 30 km from Ixtaca.
- It staked 207 claims on a grassroots Carlin-type target in northeastern Nevada and commenced mapping and rock sampling.
- It optioned the Caldera prospect adjacent to Ixtaca to Windstorm Resources.
- Optionee Golden Minerals commenced drilling at its Maltehaupil project in northeast Zacatecas State.
- Joint venture partner [Goldgroup Mining Inc \(GGA.T\)](#) commenced a 30,000 meter drill program to upgrade and expand 43-101 gold resources at its Caballo Blanco project in Veracruz State.

As I wrote in July, Almaden Minerals Ltd is the best of the best of prospect generators. Although I took my money off the table and have zero cost basis in remaining shares, I continue to cover and support the company's efforts.

Eurasian Minerals Inc is a prospect generator that I covered in June 2009 after a visit to its prospects in northern Haiti ([Mercenary Musing, June 19, 2009](#)) with a follow-up in spring 2010 ([Mercenary Musing, March 22, 2010](#)). Eurasian has property portfolios in Turkey, Haiti, Western USA, Sweden, Australia, and the Kyrgyz Republic with JV partners such as Newmont, Freeport-McMoRan, Eldorado Gold, Inmet, Centerra Gold, Golden Predator, and Entrée Gold.

EMX has performed admirably since I commenced coverage at \$1.32 in early summer of 2009, reaching a high of \$3.40 with a most recent close at \$3.14. Here's the six month chart:



Let's look at the progress at Eurasian Minerals since late July:

- It acquired the Swedish subsidiary of Freeport McMoran Copper and Gold including a 0.5-1% NSR on two projects in development, two exploration permits, and an extensive exploration database. EMX has established a field office in Kiruna and started work on six other exploration permits in northern Sweden. Targets are copper-gold-iron deposits.
- It converted two reconnaissance concessions in northwest Haiti into the Montagne designated project with Newmont Mining, which can earn 70% by spending \$10 million. Targets are copper-gold-molybdenum porphyry deposits.
- It reported drill results from 13 holes in the Grand Bois designated project with Newmont. Included was a best intercept of 43 meters of 2.65 g/t Au. Most holes were twins designed to confirm historic resources and will allow a 43-101 qualified resource to be estimated.
- It completed a financing of \$17.5 million at \$2.50. Places included Global Resource Investors, Newmont Mining, and the IFC. The company's working capital position is currently \$33 million in cash and equities.

- It announced drill results from the Akarca JV in Turkey with Centerra Gold including best intercepts of 72 meters of 1.1 g/t Au-eq and 31 meters of 3.4 g/t Au-eq.

Eurasian Minerals Inc is a well-managed, growing company that has successively employed the prospect generator-joint venture model since its inception in late 2003. I continue to cover and support EMX and am confident its future is bright.

Almaden Minerals Ltd and Eurasian Minerals Inc are two of my favorite prospect generators. They've seen major increases in market capitalization in the past six months with multi-dollar prices, but I think both have good potential to go higher.

That said, the entire junior resource sector currently is trading at high valuations and there likely is a correction coming. Please note that I purchased both stocks at lower prices and am biased as a shareholder and sponsored newsletter writer.

As always, you must do your own due diligence and research before deciding whether to speculate on Almaden or Eurasian.

Ciao for now,

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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, writer, and speaker.

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Disclaimer: I am a shareholder of Almaden Minerals Ltd and Eurasian Minerals Inc and both are sponsors of my website. I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in a report, commentary, this website, interview, and other content constitutes

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