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# The Mercenary Geologist's Guide to Investing in Junior Resource Stocks

A Primer for the Lay Investor

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# Evaluation of Junior Resource Stocks

## The Trouble with Geologists

# Field Geologists

- Blue Collar / White Collar
- Men > Women 9 : 1
- College: Trained as Scientists
- Independent Outdoorsmen
- Eternal Optimists





# The Trouble with Geologists

- Lack Business & Communication Skills
- Equities and Finance
- Marketing
- Ore Bodies and Mines
- IRR, NPV

# Economic Geologists

- Venture Capitalists / Entrepreneurs
- Meld Science and Business Worlds
- Comfortable in Boots & Hammer or Suit & Tie
- Bush Camp to Corporate Boardroom
- Understand Rocks and Money





# What is an “Ore Deposit”?

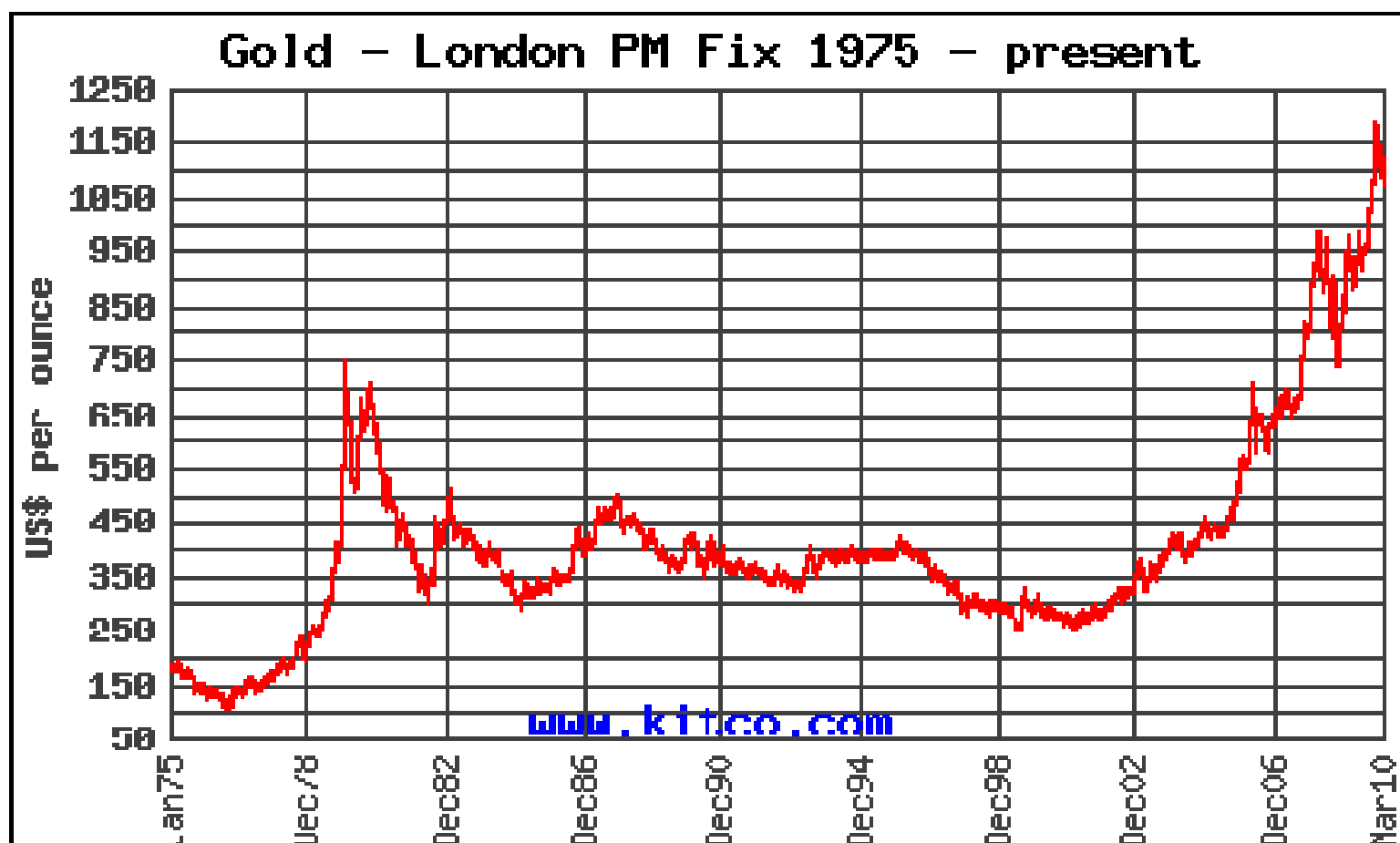
Ore Deposits, Park and McDiarmid, 1975

*“Ores are rocks and minerals that can be recovered at a profit.”*



# What Makes an Ore Deposit?

- Mineral Reserves: Four Dimensions
  - Three Dimensional Body + Time
- What was Ore yesterday
- Is not always Ore today
- And may or may not be Ore tomorrow



# What Makes an Ore Deposit?

- 1 of 10,000 Prospects
- 1 of 1000 Drill Targets
- 1 of 100 Inferred Resources
- 1 of 10 Pre-Feasibility Studies





# What Makes a Good Mine?

## Boom and Bust Commodity Cycles:

- Timing of Development and Production
- Low Capital Expenditures
- Lowest Quartile of Operating Cost Curve



# Evaluation of Junior Resource Stocks

Share Structure, People, and Projects

# People

## Economic Geologists Required:

- Management Team
  - CEO/President, BOD (1-2)
- Technical Team
  - Chief Geologist, V-P Exploration
  - Senior and Junior Geologists
- Advisory Board
  - Consultants (1-2)

# The Unholy Trinity

- Over Zealous & Optimistic Geologist
- Slick Promoter (“Con-ologist”)
- Sophisticated Broker
- “Mining the Stock Market”



# Mining the Stock Market

Mark Twain: Comstock Lode 1865

Virginia City, Nevada

“A mine is a hole in the ground  
with a liar standing beside it.”



# Junior Resource Companies

- Due your Own Due Diligence Dude (DYODDD)
- Company Evaluation Template for Subscribers
- A Day Without Learning is a Day Wasted
- *Buena Suerte, Inversionistas!*

# Monday Morning Musings from Mickey the Mercenary Geologist





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