



Prospecting For Profits

**The exploration business
is a numbers game —
which is why the
“Prospect Generator”
business model
offers investors more
chances to hit it big.**

By Brien Lundin



It's not easy to find an economic mineral deposit.

That's one fact on which everyone agrees. Another one: It's getting harder every day.

Not only are deposits getting scarcer and scarcer, but so is the money needed to explore for them, as well as the professional geologists to do the work.

Moreover, the deposits that are found are generally getting deeper, are of lower-grade, are being found in riskier political regimes, and are facing the steepening economic hurdle of increasing energy and construction costs.

Given all of this, you might wonder why in the world anyone would enter this game.

The reason is simple: A world-class deposit can generate vast fortunes for those who find it...and for those who invest in the finders.

And that's why a growing number of exploration outfits have adopted the "prospect generator" business model.

Putting The Numbers To Work For You

Simply put, mineral exploration is a numbers game. Because the odds of success are so low, it makes sense to run through as many projects as possible to maximize one's chances of hitting it big.

And because funds are always limited to some degree, and exploration is expensive, it also makes sense to have others pay the bills to whatever extent possible.

It was because of these factors, and the fact that a successful mineral discovery is usually so valuable that even a minority interest can be a transformational event for a small company, that the prospect generator business model was born.

Under this model, a company uses its geologic expertise to identify and acquire/control a large portfolio of projects of merit. It then uses first-pass exploration techniques to prep as many of these projects as possible for further exploration by joint venture partners.

In the mining game, a joint venture is an option agreement whereby another mining company earns a majority interest (typically around 70%) in another company's project. To earn that interest, the company agrees to spend a specified amount of money on exploration over a specific amount of time, or until the project reaches a specified benchmark (typically the "bankable feasibility stage"). These JV deals often include cash payments to the vending company as well.

In almost every case, the company optioning the property is a larger producer, and the vending company is a smaller junior exploration outfit. The larger company can typically terminate the agreement at any point, if it determines that the project won't yield an economic deposit or, really, for any reason whatsoever.

When executed well, the prospect generator model allows junior companies to maintain a full treasury, a tighter share structure and no-expense stakes in a wide variety of exploration projects being advanced by others.

Simply put, the idea of the prospect generator business model is to advance as many projects as possible — to get as many tickets in the lottery, so to speak — to maximize the odds of getting a discovery.

The junior retains only a minority stake in any discovery, of course, but it also doesn't have to bear the vast majority of the expenses. And expenses are the killer for small companies that don't have any revenue other than periodic financings from speculative investors.

Five Leading Prospect Generators

One key with prospect generators is the management team. It takes a very special blend of talents to run one of these companies, as executives have to combine the skills of business managers, promoters, geologists, financiers and more.

Run well, these companies tilt the seemingly

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Top Prospects Among The Prospect Generators

Perhaps not surprisingly, five of the top prospect generators in today's junior mining universe are participating in this year's New Orleans Investment Conference, being held from November 10-13.

Their participation is not surprising because the New Orleans Conference attracts many of today's smartest and most successful resource investors—precisely the type of long-term, strategic investor who appreciates the prospect generator business model.

Here are the five companies featured in this report, each of which has proven it knows how to maximize an investor's chances at hitting it big.

Avrupa Minerals, Ltd.

(AVU.V; AVPMF.PK)
www.avrupaminerals.com
604-687-3520

Avrupa Minerals is a growth-oriented junior exploration and development company focused on aggressive exploration, using a prospect generator model, for valuable gold, gold-tungsten, tungsten and copper deposits in politically stable and highly prospective regions of Europe, including Portugal, Kosovo and Germany. The projects are all in areas with existing mines and strong geological potential for discovery of further economic deposits.

Eurasian Minerals, Inc.

(EMXX.NYSE-A; EMX.V)
www.eurasianminerals.com
303-973-8585

Eurasian Minerals is a well-funded prospect generation exploration and royalty company focused on the discovery of gold and copper. Eurasian has over 150 property interests globally with earn-in partners such as Vale, Freeport-McMoRan, Antofagasta and Newmont Mining. The company also enjoys an expanding royalty portfolio with a multi-million dollar cash flow.

Globex Mining Enterprises, Inc.

(GMX.TO; GLBXF.PK)
www.globexmining.com
819-797-5242

GLOBEX Mining Enterprises Inc. is a Toronto Stock Exchange, Frankfurt and OTCQX-listed company with a diversified North American portfolio of mid-stage and advanced exploration and development properties containing: Precious Metals (gold, silver, platinum, palladium), Base Metals (copper, zinc, lead, nickel), Specialty Metals (manganese, iron, molybdenum, rare earths, titanium, vanadium) and Industrial Minerals and Compounds (talc, magnesium oxide, lithium, uranium, mica).

Millrock Resources, Inc.

(MRO.V; MLRKF.PK)
www.millrockresources.com
604-638-3164

Millrock Resources is focused on discovering and developing world-class metallic mineral deposits throughout Alaska and the southwest U.S. Millrock leverages its mineral exploration expertise by partnering with producing mining companies that have the capital required to discover and develop large-scale mines. By strictly applying the project generator model, Millrock significantly reduces the risk inherent in early-stage exploration, lowers dilution to shareholders and significantly increases the chances of making a major discovery.

Tarsis Resources, Ltd.

(TCC.V; TARSF.PK)
www.tarsis.ca
604-689-7644

Tarsis is an exploration company following the prospect generator business model, with highly prospective projects focused in Mexico, Nevada and the Yukon. The Company acquires prospective exploration projects by acquisition or through its own grassroots generative exploration, adds value and then vends or options out projects to partners for advancement through the high-cost steps of exploration and development.

“So rather than provide only my views on this subject, I decided to ‘interview’ the management teams for each company to get their insights.”

long odds of success firmly in the favor of the investor. Run badly, and the model turns into nothing more than a way to guarantee a management teams employment tenure.

When I started thinking about writing this report, it hit me that five of the best prospect-generator explorers in the business are not only recommended Gold Newsletter companies, but also participants in this year’s New Orleans Investment Conference.

These companies are **Avrupa Minerals** (AVU.V), **Eurasian Minerals** (EMX.V), **Globex Mining Enterprises** (GMX.TO), **Millrock Resources** (MRO.V) and **Tarsis Resources** (TCC.V)

These companies boast management teams that are leveraging the prospect generator model for the benefit of shareholders like few others, and they know more about the advantages, pitfalls and key things to look for than anyone else.

So rather than provide only my views on this subject, I decided to “interview” the management teams for each company to get their insights.

I’ve provided a short synopsis of each company in the accompanying box, and I urge you to visit each outfit at this year’s New Orleans Conference to learn more about how they’re working to make money for their shareholders, and why I’ve recommended each of them to my readers.

In the following interview, you’ll also get an idea of how each approaches the prospect generator model in its own unique way. (Note: I’ve put each company’s answers in alphabetical order.)

Q. **During the long bull run for commodities and resource stocks since the dawn of this century, we’ve seen the idea of a “prospect generator” business model take hold and become extremely popular. What do you see as the primary advantages of this business model for the investor?**

Avrupa: The model allows Avrupa to do what it does best, which is generation of new prospects

through creative, “outside the box” thinking in mineral-endowed target areas.

We upgrade our prospects and discoveries, and bring them to carefully selected potential partners for possible joint venture. Exploration funding from JV partners allows us to not only advance particular projects, but also the ability to bring new prospects on line for potential JVs. It is an alternative method of fundraising that allows us to NOT dilute our shareholders all the time by raising funds for expensive exploration costs such as drilling.

We like to explain to our investors that for every dollar we raise in the market, we are able to spend 1.5 dollars in exploration, through our partners and through our operatorship fees.

Eurasian: The primary advantage to the business model is that the company is largely spending someone else’s money. Additionally, the company can leverage the OPM (Other People’s Money) into a large portfolio of exploration plays, thereby giving investors substantially more chances to participate in a discovery and the corresponding dramatic increase in share price.

This business model sells the risk and keeps the reward.

Globex: The advantages, if applied properly, are a larger portfolio of assets, more exploration expenditures, greater chance of discovery and less shareholder dilution, to name a few.

Project generators bring in third parties to explore and make risk expenditures. The taking up of exploration by third parties frees up the project generator to concentrate on acquisitions or other asset plays allowing a narrower focus for the generator and greater flexibility in the use of its funds.

When done properly, a project generator should be able to avoid excessive share dilution while benefiting from third party expenditure which may upgrade asset value or eliminate properties that fail to show potential after exploration, thus saving

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money and effort for the project generator.

Millrock: The “prospect generator” business model is actually a small sub-sector of the publicly-listed mineral exploration and development companies. There are undoubtedly lots of private prospect generator firms. But at present, there are perhaps only about 15 true prospect generator companies — those that adhere strictly to the model. The business model is becoming more popular as explorers have come to see the wisdom in the approach. The primary advantages to the company are 1) sustainability, 2) leverage, and 3) risk reduction, all of which equate to what is really important to the investor: *increased chance of a mineral deposit discovery and share price appreciation.*

It takes time, determination, money and good science to find ore bodies. Given enough time and money, good geologists will usually make discoveries. Most exploration companies rely on generating capital by selling stock — equity financing. Often, these explorers are betting their entire treasury on each drill program. Since the odds of discovery are so long, these companies usually fail. They are not sustainable through the tremendous low cycles inherent in our business and that are presently prevailing. Prospect generators are much more likely to be sustainable, long-lived companies. Much of their funding comes from other corporations, rather than equity financings. And therefore there is less dilution to the existing shareholder base.

By partnering with other companies, prospect generators leverage the funds they raise from their shareholders — sometimes by a factor of 10, 20 or more. For example, it may cost \$300,000 to generate a quality prospect through research and reconnaissance exploration, but the funding partner company may expend \$6 million to earn its interest in the project.

Because of the partnerships, the risk of exploration failure, and the risk that capital may be unavailable in the equity markets, is reduced. A prospect generator may have numerous exploration projects at any given time. It would not be possible

to fund so many projects by raising money through equity financing. More projects means a greater chance that a discovery will be made. This is what it all boils down to for the investor. A company’s share price will rise dramatically when a great discovery hole is drilled. Millrock’s goal is to increase the odds of discovery by having numerous projects and a drill turning as often as possible.

Tarsis: One of the key advantages is that the company can be involved in multiple projects. Once a project is optioned to a partner, the prospect generator company is free to go off and generate another prospect, while the partners advance the other projects. The chance of any one project becoming a mine is low, however with more projects, the odds are greatly improved. Rick Rule refers to this as the ‘more balls in the hopper’ approach.

Prospect generator companies are also less prone to dilution than regular exploration companies that issue endless amounts of shares to pay for exploration on one project. Instead, the prospect generator offers to dilute its interest in a project in exchange for cash and share payments and exploration expenditures.

The theory is that a significant project will still create a home run for the prospect generator, with its ownership of a smaller piece of a much bigger pie. In practice, many option agreements end with the project being returned to the generator company, which maintains 100% ownership of the now more-advanced project. They can then find another partner to advance the project further.

Q: Are there any disadvantages to the prospect generator model that you see?

Avrupa: Difficulty in finding good partners in tough economic times. We have been forced to advance our properties to a higher level over the past year in order to continue to attract JV partnerships. This, of course, means spending more of our own funds than we would prefer, according to our business model.

Eurasian: If the joint venture partner is the opera-

Eurasian: “We firmly believe that if you hire average people, you end up with at best, average results. Average results don’t interest us.”

tor of the project, they may advance the property at a slower rate than we may prefer. Also, they may have different ideas on drill target selection from what we believe may be the most prospective areas.

Globex: As in all businesses, there are pluses and minuses. The principal minus is that in bad markets such as we are presently experiencing, option partners cannot fulfill their obligations consisting principally of option payments and exploration expenditures and must return projects to the generator.

In the case of Globex, they must return the property without earning any interest for their previous expenditures or option payments. This results in additional expenditures for the generator as, if the asset has value, it must be maintained over the down period. Also, the source of revenue (option payments) is terminated or at least greatly reduced, which has a myriad of possible negative consequences for the project generator. The trick is to position oneself to survive this decrease in revenue while maintaining assets and growing ones asset base. Not an easy task.

Millrock: Yes. First of all, proper execution of the model is not easy or simple, and not many groups really have the capability. A lot of time has to be spent by management to advertise projects to partners, negotiate and execute the agreements, report results and finances to partners, manage a higher volume of activity, projects and variables than traditional juniors, and on top of all that, continually keep the pipeline of new project ideas flowing.

We often hear detractors of the business model say that we are giving up too much of the project early on, and therefore giving up too much of the upside move in share price that comes with a discovery. This is, in part, true, though we think it is a good trade-off. Since the partner company is putting up the early, highest-risk money, Millrock has to give up a majority ownership in the project. Typically we will be left with a 30% ownership position.

Millrock mitigates this disadvantage by focusing on the geological environments that can produce

huge gold and copper deposits. If we end up with only a 30% interest in a deposit containing 20 or 30 million ounces of gold, we will still have created tremendous value for our shareholders and risked far fewer of our shareholder dollars to accomplish the goal.

Tarsis: Once a project is optioned, the generator company may have limited input into the work being carried out or the timing of exploration. This can lead to gaps in news flow for the prospect generator or inefficient or inappropriate exploration methods being used.

In effect, the option partner has “control” over the project during the option period, and sometimes option partners have different goals than those of the generator company.

Q: As I noted, the prospect generator model has become extremely popular. It sometimes seems like this bull market has generated many more prospect generators than prospects. With so many companies copying this business model, what do you feel are important characteristics that investors should look for before buying a stock?

Avrupa: Strong company management from directors and officers; successful exploration and financing records from company management; careful management of existing funds; success in attracting strong partners, such as major mining companies like Antofagasta; prospects/projects in metal-rich areas; use of hands-on exploration techniques, especially at/on the outcrop basic geologizing.

Eurasian: First off, as an investor, make sure you are looking at a real Prospect Generator and not just some “Drill and Diluter” that couldn’t raise funds for their own project, and starts shopping the project around in an effort to find a partner and then, as if by magic, becomes a “Prospect Generator.”

Investors should look for a management team with a serial track record of structuring deals that are

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Globex: “We have skin in the game, are grey-haired professionals in the industry, are long term, own our assets outright, have no debt, have advanced assets with clear value...”

the most beneficial to the shareholders. Deals that include items such as structured work commitments from their partners, strong royalties, advanced minimum royalty payments and so on. They should also look at who the partners earning in on their projects are. Are they Majors and Mid-Tiers? Or are they just other Juniors? If a PG partners out a copper porphyry project to a Junior, and the project is going to require \$100 million just to drill it out, that just doesn't make sense.

Keep in mind, if a major or mega company is earning in on a project, that should tell the investor that the partner sees the potential for that property to become a major or a mega deposit, otherwise they wouldn't be wasting their time there. Medium size or smaller deposits mean nothing to the big players. Look for big partners earning in on big projects.

Look for disciplined management teams that don't stray from the model and end up drilling their own property or properties. I can count several instances where a so called “Prospect Generator” deviated from the model, drilled their own project, only to ultimately drain the treasury and have the project fail.

Who are their shareholders? Look for “smart money” owning the shares — major mining companies and shrewd industry players. Guys like Rick Rule and Eric Sprott would be good examples of shrewd industry players. The International Finance Corp., part of the World Bank, is also an excellent indicator. A company must be 100% squeaky clean for the IFC to invest in it.

Globex: Let me list a few:

- a) Long term, experienced management
- b) Track record of frugal management of funds and assets
- c) Significant management interest in the company (in other words, skin in the game)
- d) Assets with real value (ounces or pounds in the ground)
- e) History of survival and growth in good **and** bad times
- f) Assets in relatively stable geopolitical areas
- g) Lack of debt and financial commitments
- h) Ownership of assets
- i) Forget the flash, love the cash

Millrock: There do seem to be more and more prospect generator companies. Some are solid groups that will do well given time and money. Others may claim to be “prospect generator” companies, but most are traditional, equity-financed explorers that, out of necessity in the prevailing markets, are now forced to make agreements with other companies simply to survive.

For prospect generators, absolute commitment to the business model is required for it to work properly. At Millrock we know that the odds of drilling a discovery hole are very long — even on our great projects. Therefore, we always get a funding partner before we begin the very expensive business of drilling exploratory holes. Prospect generator investors should look for 1) commitment from management to the model and ability to efficiently execute it, 2) track record of making exploration agreements with major mining companies, and the 3) prospectivity of the current stable of projects.

Most of all, the investor should determine the activity level of the company. Not all prospect generators have been able to convince mining companies to finance their projects. It is important to generate prospects but it is more important to generate funding partners! Investors are well-advised to follow the recommendations of newsletter writers that cover prospect generators (Gold Newsletter, Exploration Insights) and the power investors that provide equity financing for the generators (Sprott-Global, Cranberry Capital).

Tarsis: One key thing that investors should check is insider trades for any company they are contemplating investing in, particularly now when the markets have been depressed. This information is freely

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available and if company insiders are buying their own stock, this will provide investors with a level of confidence that management believes in what they are doing and are prepared to put their own money into it.

When evaluating prospect generators, investors should look carefully at the management of the company. Do the directors and officers have track records of success in the business? Investors need to evaluate the “intellectual capital” of the company and whether the skill sets of management align with the company’s focus.

Investors should also look at who the key shareholders of the company are. Does management have “skin in the game?” Are there any large shareholders, and are any of them actual mining companies?

Q: What are the primary areas that your company focuses on, whether in specific metals and minerals, or regions?

Avrupa: We specifically work in Europe, in well-known former producing districts that may have been seriously overlooked (for whatever reasons) by modern explorationists and/or techniques, including basic geologizing!

We are carefully opportunistic with respect to metals, but are presently looking at gold targets, gold-tungsten targets, tungsten targets and copper targets.

Eurasian: We are focused on the discovery of gold and copper on a global basis. We are also a royalty company with a multimillion-dollar annual cash flow. We have put together a sizable royalty portfolio via organic growth and through careful, value-driven strategic investment.

Globex: Globex only explores in North America, principally Eastern Canada (Ontario, Quebec, New Brunswick and Nova Scotia), and has properties in Nevada and Washington State, as well a Tennessee zinc royalty.

As regards metals or minerals, we take a bit of a different point of view. Our measure is whether or

not the property has the potential to generate revenue through options and the eventual mining of minerals or metals. This being the case, we have about half the elements in the periodic table. Our biggest group of assets is over 60 precious metal properties, and the next largest is made up of over 40 base metal projects, many with secondary gold and silver. We also have over a dozen specialty element or industrial mineral properties.

Our largest most advanced project is a huge talc (for plastics, paints, etc) and magnesia (for refractory brick, fertilizer, etc.) open-pit deposit near Timmins, Ontario. It has a current, independent Preliminary Economic Assessment (PEA) which states that it will generate approximately \$2.6 billion in gross revenue over the initial 20 years of full production. It has a potential mining life of several hundred years.

Millrock: Millrock’s focus is on giant gold and copper-gold deposits. Alaska and Arizona have been our primary jurisdictions of interest because of the demonstrated ability of these regions to produce the scale of deposits of interest to major mining companies. We’ve also chosen these areas because we have geological knowledge and operational expertise that gives us a competitive advantage (most of us live in Anchorage, Alaska).

While gold and copper are the focus, we are also opportunistic and contrarian. We are always looking at and evaluating other commodities and opportunities, to see if there are any long-term trends that may help Millrock create value for shareholders. For example, we anticipate that the price of uranium will rise dramatically in the coming years and are positioning to take advantage of this.

Tarsis: Tarsis explores primarily for gold in the Americas (Mexico, U.S., Canada). We focus our efforts on deposit styles that will be of interest to major producers and we maintain a regular dialogue with numerous mid-tier and major gold producers to understand their goals. We view these companies as “customers” for our projects and expertise.

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Tarsis: “Technically, we are exploring for deposit styles that majors and mid-tier companies are looking for. Our team has great experience in these deposit styles.”

Q: What are the general strengths of your company and its application of the prospect generator model?

Avrupa: Our geologists are creative thinkers, willing to explore “outside-the-box.” We are good at looking at old areas with new ideas, and not afraid to challenge the old, established, but “hand-me-down” concepts about old mineral and mining districts.

We have able financial people on our board of directors, and are supported by investors who understand that the prospect generator model does not necessarily result in next-day successes, but is a long-term program that, if handled properly, will eventually result in great success for our investors.

Eurasian: Our greatest strengths are in our people. We have always taken considerable effort to bring on the smartest, most experienced, most accomplished, hardest working and disciplined team members that we could find. We firmly believe that if you hire average people, you end up with at best, average results. Average results don’t interest us.

In application, our staff comes up with strong geological prospects, couples the projects with capable partners with terms that work to our shareholders advantage.

Globex: We have skin in the game, are grey-haired professionals in the industry, are long term, own our assets outright, have no debt, have advanced assets with clear value as indicated by the large number of conformable NI 43-101 or historical tonnage and grade studies.

We have no “moose pasture.” All our assets have an exploration or economic reason for their acquisition. We have a history of acquiring assets at low entry cost in bad times and profiting there from in good times. We respect our shareholders’ investments and have a history of not diluting their interest. We never have had a rollback in the 26 years we have been listed, yet we have few shares issued and outstanding compared to other companies.

Millrock: Millrock is completely committed to the

business model. We run a very tight ship fiscally, and have built a great technical and administrative team that executes every aspect of our business very effectively. We have a proven track record of generating prospects that are of interest to the world’s leading mining companies.

We count First Quantum, Teck, Inmet, Kinross, Vale and Altius amongst the companies with which we have current and past partnerships. These companies trust us to execute excellent exploration programs using their money. We generate revenues through project management fees and option agreement payments, helping offset our overhead costs. While we still have to resort to equity financing from time to time, we are able to stretch every one of our shareholders’ dollars as far as they can possibly go toward the goal of making a great discovery.

Tarsis: As a company, we operate very frugally with regard to general and administrative expenses, we try to ensure that a high percentage of shareholders’ capital is used for actual mineral exploration.

Technically, we are exploring for deposit styles that majors and mid-tier companies are looking for. Our team has great experience in these deposit styles.

Our shares are tightly controlled, with less than 10 shareholders accounting for more than 60% of the issued shares.

Q: More specifically, what are the advantages that your company brings to the table right now? Why should an investor buy your stock at this moment?

Avrupa: Great management; great properties in a great, under-explored niche; aggressive approach to exploration; previous and continued success in a discovery-oriented business, both technically and financially.

We have also had four drill programs this year, two of which are underway right now in September-October, and we have some excellent licenses in Portugal that we are actively upgrading.

“The exploration business is a numbers game — which is why the ‘Prospect Generator’ business model offers investors more chances to hit it big.”

Eurasian: The Eurasian Minerals advantage is that we continue to sign on more partners and give investors “more shots on goal.” We have some of the most prominent names in the industry earning in on our projects, including Vale, Freeport-McMoRan, Newmont, Antofagasta, First Quantum and more.

Our company has a solid treasury, incoming royalty cash flow, no need to raise money, a tight share structure, an expanding royalty portfolio and a host of advancing joint-venture projects and royalty properties. Eurasian Minerals also holds a strategic investment in what is likely the largest ongoing copper-gold discovery in the world today.

Globex: There are some fine project generators out there. Globex is different in that we have a huge portfolio of wholly-owned assets (over 100), and are diversified with precious metals, base metals, specialty metals and minerals and industrial minerals. Unlike some other prospect generators, we also reinvest some of our income into exploration, putting our money where our mouth is, if you will.

An example would be our large talc magnesite deposit. Over time, we have upgraded the deposit to the point that we are now working on the prefeasibility study, after which we intend to proceed to production. One of the ways under consideration to reach this goal is a spin-out dividend to shareholders combined with a financing.

We have decided that spinning out assets as dividend shares in a new company to shareholders is a good way to realize value while not diluting shareholders. We did this in January 2013 with our advanced Chibougamau copper-gold assets by spinning out Chibougamau Independent Mines Inc. (CBG-V). As King Solomon proposed, one becomes two but in our case we may have 3, 4, 5 or more in our future.

Millrock: Millrock will soon begin the first round of drilling on its Monsoon project located along an extension of the Safford trend in the copper country

of southeastern Arizona. We expect the drill to start turning in September. We’ve developed an excellent geophysical-geochemical-geological target on this property. If our theory is correct, the possible prize is a giant, buried porphyry-style copper deposit. Our partner, First Quantum, is funding the work. Every drill hole is a chance to make the big discovery that will send our share price upwards, so a stock purchase at this moment could prove fruitful in the shorter term.

We’ve just completed a geochemical sampling and geological mapping program, as well as an airborne magnetic survey on our Stellar copper-gold project in Alaska. A major mining company (that for now wishes to remain anonymous) has funded the work, which cost ~\$300,000. In return we granted a Right of First Refusal to this company to enter into an option agreement with terms that Millrock finds favorable. We’ll know the results of the program soon and will announce whether the major firm will proceed before the end of October.

We’ve got several possible new projects and partnerships in the making. Watch for more news.

These are catalysts that can move our stock soon, but investors should look at most prospect generators for a longer-term investment. Millrock has good geologists. With sustained exploration effort over time and continued financing from major companies, we will succeed in making a great discovery for the benefit of our shareholders.

Tarsis: Our company is undervalued in the present environment, with active exploration projects in the Yukon, Nevada and Mexico, and with our work continuing to generate prospects of interest to larger producing companies.

In Mexico, mid-tier producer Osisko Mining is about to begin drilling at our Erika property covering approximately 16,000 hectares in the Guerrero Gold Belt. In addition, the company recently began exploration on its Yago gold-silver property in

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Nayarit State, Mexico, which encompasses 15,000 hectares and hosts numerous gold-silver bearing low sulphidation epithermal vein showings and artisanal mine workings largely concentrated in two parts of the property.

Tarsis has also recently announced the discovery of gold-bearing jasperoid breccia samples on its newly acquired BP property, located 60 km south of

Carlin, Nevada. The most significant of these samples occur intermittently along an 850-meter linear trend believed to coincide with a series of high-angle faults providing conduits for Carlin-style gold bearing fluids. The BP property is being explored for Carlin-style gold mineralization within the southern Carlin Trend between the Rain and Bald Mountain deposits.

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In Our 43rd Year

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