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Lion One's defining year in Fiji's gold fields

BY ANTHONY VACCARO

While many juniors find current market conditions difficult to bear, **Lion One Metals** (LIO-V) is brimming with optimism and bracing itself for a bountiful year.

Such bullishness can be attributed to the company's enviable position amongst juniors: not only does it have a highly prospective project in the heart of elephant country, but it also has the cash it needs to push ahead on exploration and development without having to worry about turning to fickle markets.

Lion One's flagship project is its wholly owned Tuvatu gold property in Fiji, and while it is early days, the company's CEO Walter Berukoff is confident that the caldera the property covers will yield the kind of mega ounces that other calderas in the South Pacific have brought forth over the years.

LION ONE METALS

Geologist Waisale Kuruisaravi with core samples at Lion One Metals' Tuvatu gold project in Fiji.

The project was acquired by Berukoff's Red Lion Management back in 2007 in a deal that also included the Vatukoula gold mine, which has been a producer for 70 years.

Despite its history and its considerable resources — Vatukoula has 680,000 oz. reserves and 4.3 million oz. resources — Berukoff and his team determined that the amount of capital required to refurbish the aging mine made it a better candidate for a sale.

So sell they did, to London-based River Diamonds, which now goes by the name **Vatukoula Gold Mines** (VGM-L). Vatukoula earned 30,000 oz. gold production out of the mine in the first half of the year from ore that had an average head grade of 4.77 grams per tonne.

Tuvatu, however, was the prize that Berukoff wanted to keep.

Part of the reason was because the project offered aspects of both an early stage greenfield exploration camp and a more developed project with a feasibility study already completed on a small portion of the property.

That feasibility study was done by the former Emperor Gold Mines in 2000, and it showed that even with low gold prices — at the time, they were in the US$300-per-oz. range — a mine would still break even. It outlined a Joint Ore Reserves Committee (JORC)-compliant resource of 1.26 million tonnes grading 6.63 grams gold for 269,000 oz. probable reserves, indicated resources of 760,000 tonnes grading 7.05 grams gold for 172,000 oz., and inferred resources of 2.6 million tonnes grading 5.71 grams gold for 480,000 oz.

But the study only considered the Tuvatu deposit itself. What excites Berukoff and his team are gold showings in outlying areas that could yield a series of new deposits.

Optimism is being fuelled by early stage exploration work and the broader geological story of the region, as mineralized

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Lion One Metals' compound at the Tuvalu gold project in Fiji.

calderas in the South Pacific often host multiple gold deposits. This is the case at the nearby Vatukoula mine, which exploits seven distinct deposits.

Tuvatu's prospectiveness was pursued before Berukoff brought the project to the public under the Lion One banner.

His team put over $4 million into the project while it was still privately held, and that capital went into re-sampling some of Emperor's 80,000 metres of core, as well as trenching and geochemical and induced-polarization (IP) surveys.

"We thought the 650,000 oz. [outlined in the JORC-compliant feasibility study from 2000] was a bit small, so we did some induced polarization and took 44,000 samples, looked at it again, unravelled it and discovered we have a major goldfield in this caldera," Berukoff says.

Now the company plans to prove its theory with some drill results. Lion One recently announced that it has embarked on a 5,000-metre program. The drilling will focus on doing infill in the Tuvatu deposit and testing extensions from the deposit.

Trenching and IP results indicate that the deposit could extend west and cover 1.5 km of strike length.

The initial focus on the Tuvatu deposit has to do with the company's vision of pushing the deposit into production first, and use cash flows generated by an underground mine to fund exploration across the property.

Emperor's original feasibility study outlined a mine that would produce 80,000 oz. gold per year at an average head grade of 6.63 grams. It estimated that it would cost US$29 million to build the mine.

Once the initial phase of drilling is completed and results are analyzed, Berukoff says the company plans on doing another 5,000-metre program later in the year that will focus more on outlying targets in an attempt to define more deposits.

The results will go into a National Instrument 43-101 compliant resource update that will be released as part of preliminary economic assessment due by year-end.

In the meantime, Berukoff, who has an enviable list of past mining success, has a hard time containing his enthusiasm for his latest endeavour.

"This is the dream of my life," he says. "In my twenty years in the business I've always had to get projects from majors at the bottom of the market. Here we own 100%, and have less than 50 million shares outstanding."

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Some of Berukoff's past successes include being the founder of Miramar Mining, which was sold to **Newmont Mining** (NMC-T, NEM-N) in 2007 for $1.5 billion and Northern Orion, which sold to **Yamana Gold** (YRI-T, AUY-N) for $1.07 billion.

He attributes his past home runs to a combination of good luck and perseverance.

"You have to be willing to stay with a project and to not always believe the last person's interpretation," he says.

Berukoff then ties this lesson back to Tuvatu.

"Emperor needed production immediately at Vatukoula, and they had enough ounces there to go forward," he explains. "But for us we looked at Tuvatu as if it could be in the middle of a goldfield. And we have proven to ourselves that we are indeed a large system."

Now all that's left to do is to generate the drill results that will push the market to the same conclusion.