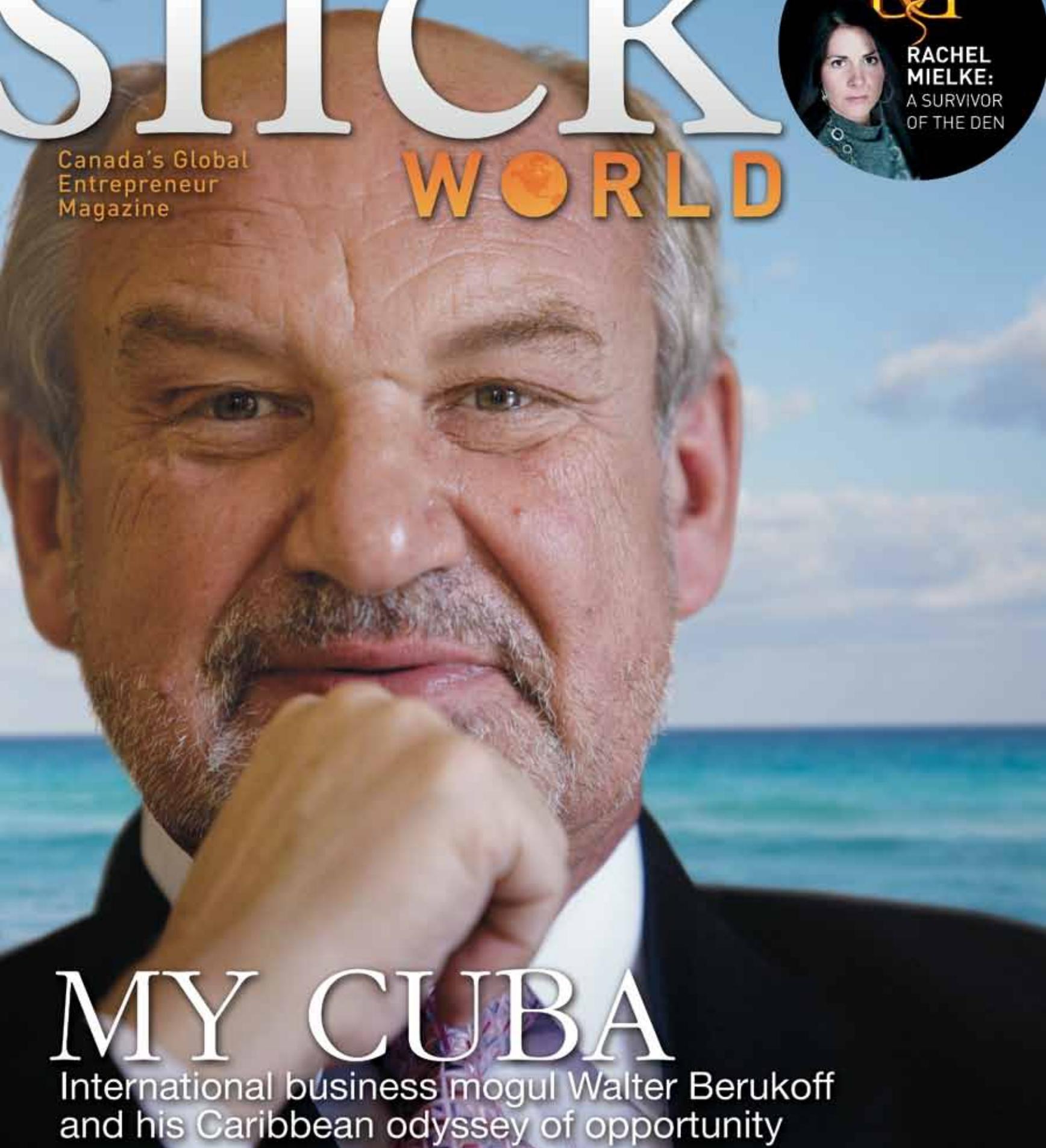


SLICK

Canada's Global Entrepreneur Magazine

WORLD



MY CUBA

International business mogul Walter Berukoff and his Caribbean odyssey of opportunity

Cuba

A Land of
Opportunity
for **Walter
Berukoff**

Vancouver-based developer has cultivated rich ties with embattled Caribbean country that present a starry future for investors

KATHRYN ENGEL

PHOTO SUPPLIED



It was a snowy Alberta morning just before leaving for the second of three interviews with Walter Berukoff when a note arrived from his executive assistant requesting to move up the interview by a day: “Wally has been invited to a White House party and will be leaving for Washington, can you come early?”

On the occasion of a follow-up interview, a phone call: “Kathryn, can you be in Vancouver a week later instead? Wally has been invited by the sheikh back to Dubai.”

Sheikh Mohammad Bin Rashid Al Maktoum, Ruler of Dubai and Vice-President and Prime Minister of the United Arab Emirates, that is. The occasion: the global newsmaking grand opening of the world’s tallest building, the Burj Khalifa.

Walter Berukoff tends to beg questions like that. How, namely, is it that Cuba’s most aggressive and successful developer gets on party lists for the ruling Sheikh of Dubai and President Obama – the *American* president, while the U.S. embargo continues?

Or, how has a Canadian international merchant banker, financier, mining tycoon and developer who has been linked to deep friendships with Pierre Trudeau, Fidel Castro and Mikhail Gorbachev not have the household name recognition of his counterparts back home in Canada? A sense of the answer became evident during an initial visit with Berukoff at the Hotel Nacional in Havana.

On a warm weekday afternoon, Berukoff eases back on the long spread of terrace of the famous historic hotel overlooking the imaginary line that crosses the sea from Havana to Boca Chica Key, Florida, with a trio playing the sweet supple characteristic Cuban creolized fusions known to summon music lovers from around the world.

The Vancouverite speaks easily and joyfully of his Cuba, a place that has captured his heart and soul since he first started scouting opportunities on the

RIGHT: Canadian and European tourists enjoy soaking up Cuba’s gorgeous coastline and some feel it won’t be too long before American tourists join them.



JEFF MCCOSHEN



I started to look around and, of course, everything was beautiful to me, just look around.

~ *Walter Berukoff*

Leisure Canada

island in 1992 as part of a wave of interest from key Canadian investors after the Soviet bloc dismantled, and consequently pulled out of, Cuba.

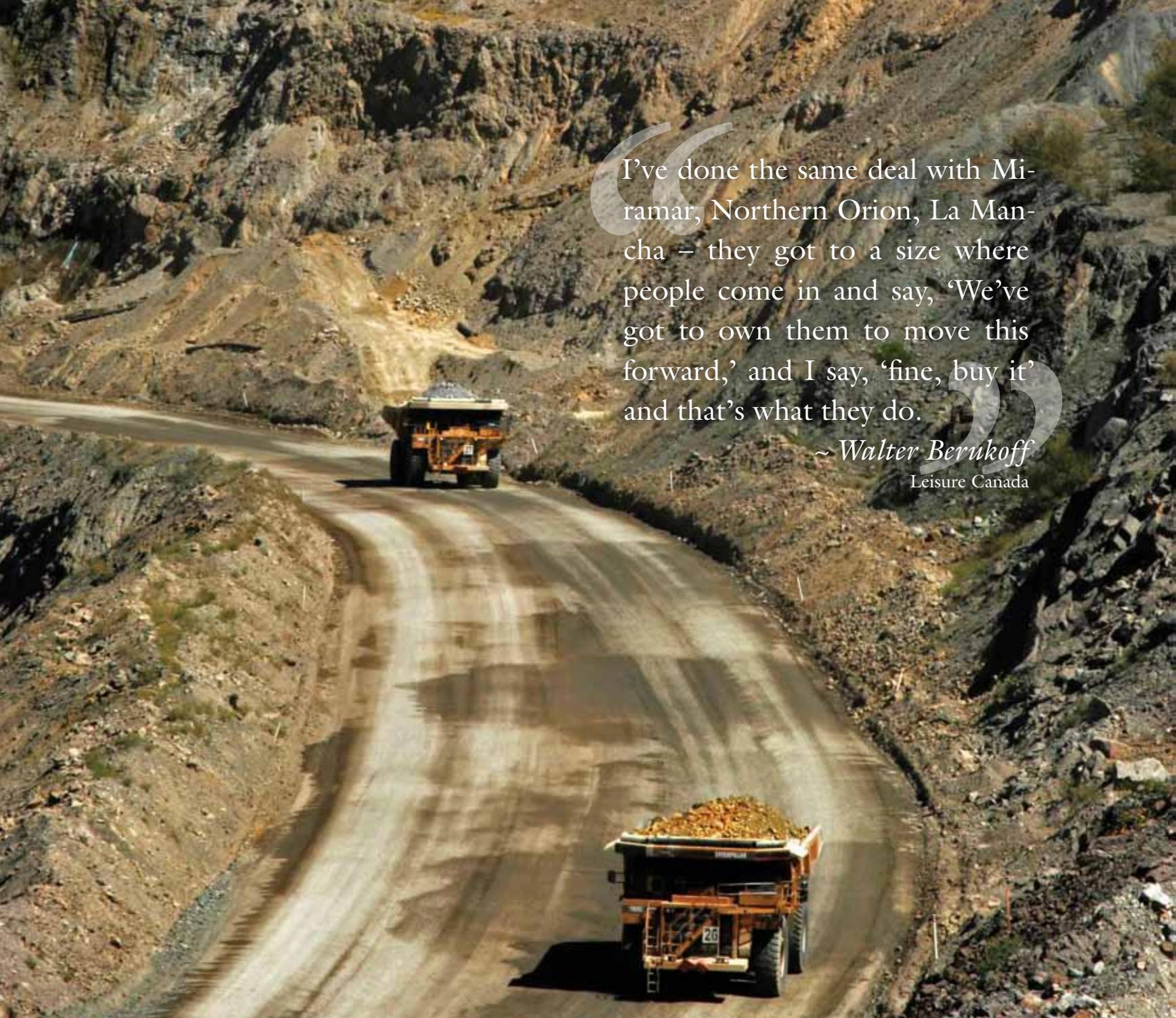
Without much international fanfare or recognition, clever entrepreneurial Canadians became the most opportunity-minded foreign investors in Cuba in short order, using their great reputation built during the Trudeau era to pick up where the Soviets left off – Berukoff being among those.

Berukoff had already positioned himself as an international architect of some of the mining industry's most legendary deals after raising well over one billion dollars for global mining projects.

In the midst of the development of this story for Slick World, Berukoff made international business news when he made \$1.5 million Cdn overnight by exercising an option to buy back 200 million shares in Vatukoula Gold Mines (AIM:VGM) after the Canadian Zinc Corporation agreed to buy his 18 per cent stake in Vatukoula last fall. When a leading head of a hedge fund publically predicted the Vatukoula shares were a cheap buy in advance of the January fundraiser of VGM and would increase ten-fold within a year, shares rose 30 per cent to Berukoff's advantage.

Berukoff had backed the purchase of the Vatukoula (formerly Emperor) Gold Mine in Fiji in 2007 through his Red Lion Management. After selling the company, Berukoff remained a shareholder in the newly-named VGM.

Meanwhile Berukoff became increasingly interested in the development of another Fiji mine, much younger and more environmentally sustainable, the Tuvatu Gold Mine, owned originally by his Lion One, and sold to another company built by Berukoff, American Eagle. Like Emperor, American Eagle was another of some 50 companies Berukoff has revived from near-death experiences by pulling them out of Chapter 11.



I've done the same deal with Miramar, Northern Orion, La Mancha – they got to a size where people come in and say, 'We've got to own them to move this forward,' and I say, 'fine, buy it' and that's what they do.

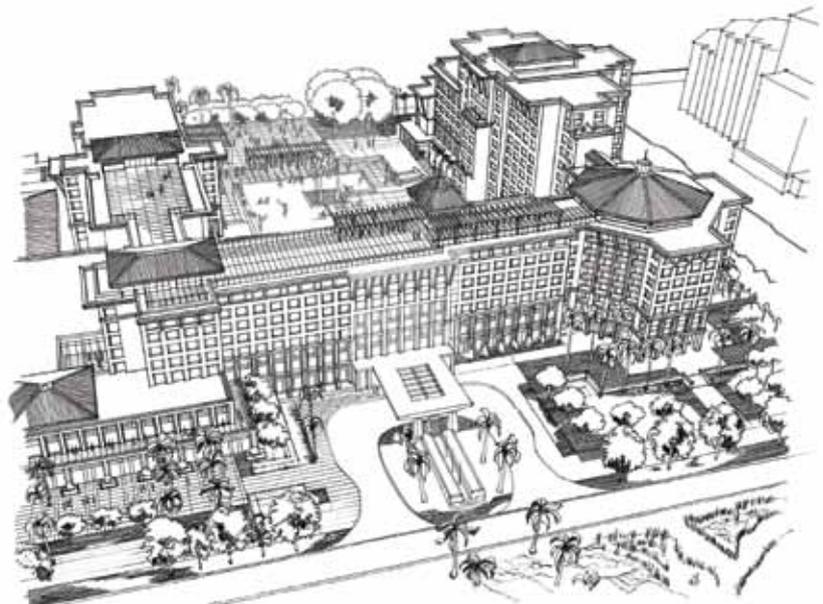
~ Walter Berukoff
Leisure Canada

ARCOP

ARCHITECTURE | INTERIORS | PLANNING | URBAN DESIGN

MONTREAL | TORONTO | BOSTON | NEW DELHI | KARACHI | WWW.ARCOP.COM

IN COLLABORATION WITH:



Monte Barreto Hotel | Habana, Cuba | Bellavista Resorts



Berukoff says it is this uncanny ability to take bankrupt 'shells' of their former selves, especially during a recession, and turn them into, well, gold, that has been a major component of his success.

Another key for him has been his keen sense of when to let go of full control.

In short order, for instance, his Miramar Mining Corp. grew to a multi-billion dollar company before it was acquired by Newmont Mining Corp. (NYSE:NEM) for \$1.5 billion US in a deal completed in 2008. Miramar was well known for the Con Mine, a large gold mine in the Northwest Territories, as well as the Hope Bay Project, another substantial gold mine in Nunavut.

"The big players can come in and crunch a little investor like me in a

minute. I've done the same deal with Miramar, Northern Orion, La Mancha – they got to a size where people come in and say, 'We've got to own them to move this forward,' and I say, 'fine, buy it' and that's what they do."

From the Miramar remnants, Berukoff built Northern Orion.

Through Northern Orion, Berukoff developed the Aqua Rica deposit in Catamarca, Argentina, an ore body now believed to have the potential to become the largest copper producer in the world. When Northern Orion was scooped up by Canada's Yamana Gold Inc. (YRI), Berukoff remained a large shareholder and says his Argentinian assets are amongst his most exciting.

But his most well-known adventures in mining were really just beginning.

It was through the establishment of La Mancha Resources that Berukoff found himself at the centre of the mining industry news when he executed a deal that would have the gold-producing and exploration assets of France's Areva NC, one of the world's largest nuclear companies, transferred to his La Mancha Resources (TSX: LMA) through a reverse takeover – at once creating a new global gold producer with operations in Australia, Argentina and Africa.

It was a deal that provided ample drama to industry watchers of the day who looked on while the determined tycoon refused to let go.

"That was tough," Berukoff recalls of the 2 ½-year transaction he concedes would have scared off all but the most doggedly determined.



FACING: Vancouver's Walter Berukoff has built up many mines, such as this open-pit copper mine. **TOP:** A miner poses in one of LaMancha's underground gold mines. **ABOVE LEFT:** Raw copper like this makes up a large portion of Berukoff's Cuban mining operations. **ABOVE RIGHT:** A raw gold nugget, similar to those found in many of Berukoff's mines.

"It was very difficult deal to do – no one had ever seen a Canadian go into France and buy anything from the French government. I bought it from AREVA (see Saskatchewan uranium story, page 63), which is their nuclear company. It was endless, I visited all their mines, which was unheard of at the time and I had to guarantee payment because that's how the French government wanted things done. But, in the end, the struggle was worth it because they were so impressed with what I was doing and how I was doing it, they wanted shares instead of cash so I left \$50 million and the rest was in shares. So, to this day, the French government controls about 65 per cent of that company and it has done very well."

It was during his earlier mining ventures in Africa where Berukoff developed a rela-

tionship with none other than Gorbachev himself, as well as key mining experts in the industry at the time who happened to be Russian.

"As it turns out, most of the geologists had been trained in Moscow, during the former USSR, when perestroika started with Gorbachev," recalls Berukoff, deeply entrenched in memories of being literally in the midst of political history while sipping espresso at the Hotel Nacional. "I knew Gorbachev, so I was involved there already. I will never forget, I was in Moscow

when the tank was on the bridge and I was in the Mira Hotel trapped for three days while they were shooting at the building ... I had gone to Moscow right at that time to meet with (mining) geologists who had been working in Africa. They knew the wall was coming down, and also knew that would translate into great opportunities in Cuba."

Not one to be known for bad timing, Berukoff went to his friend Gorbachev to discuss these so-called great opportunities there for the taking in Havana.

It's obvious to anyone in Cuba, whether you're financially professional or not, you can see opportunity here.

~ *Walter Berukoff*
Leisure Canada

"I talked to Gorbachev about it and he said, 'Yes, you should go there, I will get you an invitation from Fidel.' And within a week I had an invitation from the government, from Fidel, so I arrived here (Havana) and was greet-

PHOTO SUPPLIED / JEFF MCCOSHEN





BOTTOM LEFT: Walter Berukoff stands on the deck of the historic Hotel Nacional, which offers a view of the same beachfront as one of Leisure Canada's proposed new hotels. ABOVE: Havana's skyline. TOP RIGHT: The architecture in Havana provides an amazing backdrop. BOTTOM RIGHT: Vintage cars are still being used as 'daily drivers.' These cars are left over from pre-embargo times.

ed and shown a mining project, and that led to me building a non-nickel mine here because nickel at that time was already starting to be handled by Ian."

Ian, as in Ian Delaney, of Sherritt International (TSX:S) (see accompanying Cuba story, page 24).

That led to the development of Berukoff's Mantua copper-gold mine, the first foreign mining venture of its kind in Cuba since the revolution.

While his mining ventures on the island grew, so too did his friendship with Castro, leading the Canadian who had long established himself as pivotal in the North American hotel investment industry, to unsurpassed opportunity. Quickly, Berukoff was on his way to becoming the most sig-

nificant foreign investor on the island at a critical time when Cubans could no longer count on the former Soviet Union for support.

"As mining became more and more of a success and I brought more financing from London, the leadership here in Havana said, 'Look, we know you own several hotels in North America, would you consider building hotels here?' I started to look around and of course everything was beautiful to me, just look around."

Having already built up his real estate interests through significant holdings and developments, Berukoff created a property investment company, Leisure Canada Inc., to pursue the opportunity at hand.

Leisure Canada (TSX:LCN) went public in 1993, and Berukoff and his LCN team have been in a capital-raising effort of increasing intensity as the investment conditions in Cuba become more and more ideal.

Leisure Canada is the world's only direct publicly-traded play on Cuban tourism and property. The company



has licences to develop 4,200 hotel rooms, championship golf courses and world-class marinas on three properties.

Monte Barreto is located on the last significant piece of ocean-front property in Havana's Miramar business and trade district across from the Miramar Trade Centre – the home of Havana's international business community. The plan calls for a 730-room hotel with convention and retail space to serve as Cuba's most sophisticated hotel complex.

The Jibacoa project is made up of more than five kilometres of ocean-front property between Havana and Varadero and is being marketed as the first high-end destination resort in Cuba, with the potential to host several luxury hotels, and two championship golf courses.

The third property development, Cayo Largo, is located off the main island and represents an equally ambitious plan for Cuba's only true five-star, all-inclusive 380-room hotel.

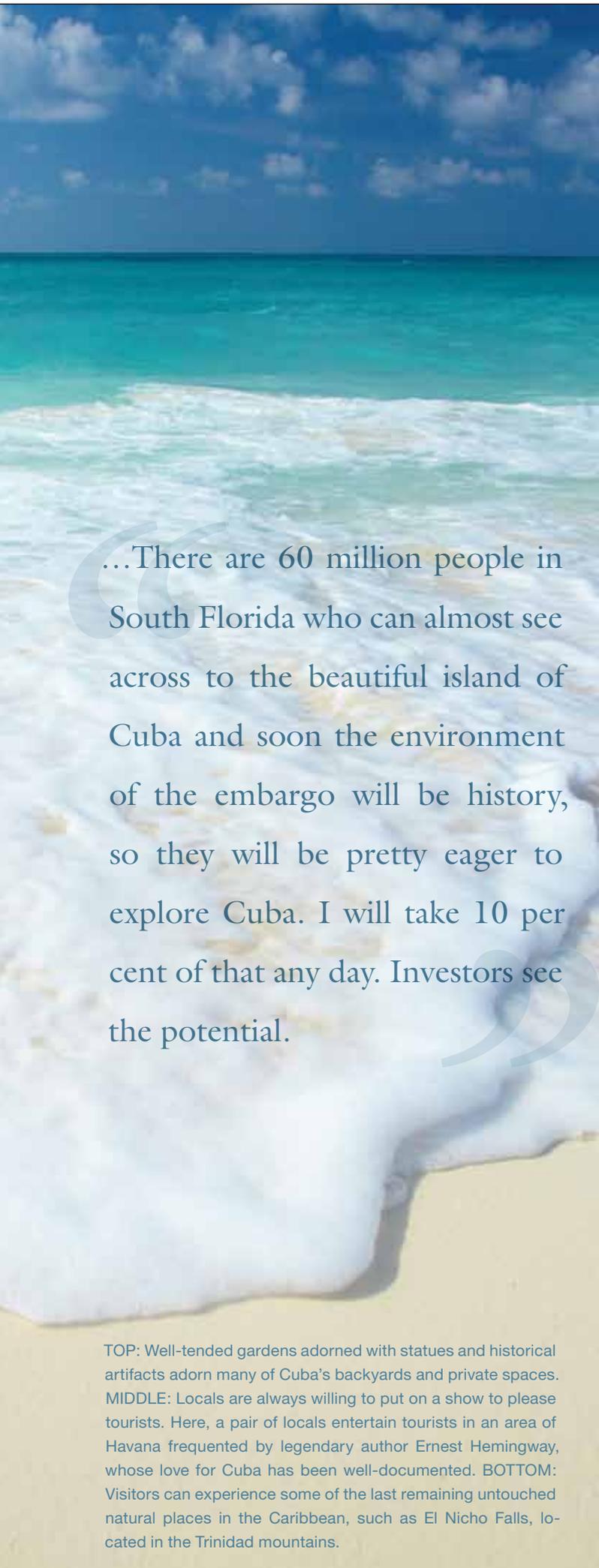
While Berukoff is actively engaging additional global investors, he continues to funnel private investment into his

Cuban dream. He has also raised, and is in the process of raising, further capital from the Middle East, London and across investment circles around the globe, including savvy Canadian investors.

It wasn't just Cuba's beauty, including being home to what many call simply the best natural beach line on the planet, that inspired the successful mining entrepreneur to turn his attention towards the lucrative tourism potential in Cuba.

"It's obvious to anyone in Cuba, whether you're financially professional or not, you can see opportunity here. In case you missed the drop of the last wall in Europe, the flood-gates opened. This is the last one to drop, and yet this will be the best – we are within 90 miles of Miami, three hours away from Toronto, New York, Boston, Philadelphia – so for us here, this is a huge opportunity and anyone else who wants to take advantage of that and be involved in a new Cuba."

Berukoff opted to take up the challenge of hotel and resort



“...There are 60 million people in South Florida who can almost see across to the beautiful island of Cuba and soon the environment of the embargo will be history, so they will be pretty eager to explore Cuba. I will take 10 per cent of that any day. Investors see the potential.”



TOP: Well-tended gardens adorned with statues and historical artifacts adorn many of Cuba’s backyards and private spaces. MIDDLE: Locals are always willing to put on a show to please tourists. Here, a pair of locals entertain tourists in an area of Havana frequented by legendary author Ernest Hemingway, whose love for Cuba has been well-documented. BOTTOM: Visitors can experience some of the last remaining untouched natural places in the Caribbean, such as El Nicho Falls, located in the Trinidad mountains.

FOXT7, HALLGERD - FOTOLIA.COM / KATHRYN ENGEL / JEFF MCCOSHEN



This monument in Havana, El Templete, pays homage to the place where the foundation of the town of San Cristóbal de la Habana was celebrated in 1519. The monument consists of a bust of Christopher Columbus and three canvases painted by Jean Baptiste Vermay.

‘BEAUTIFUL ENERGY’ OF CUBA APPEALING TO SENATOR

Slick World met Canadian Senator Larry Campbell in Havana, where he was meeting Leisure Canada Inc. representatives to get a first-hand account of his own recent investment in the company.

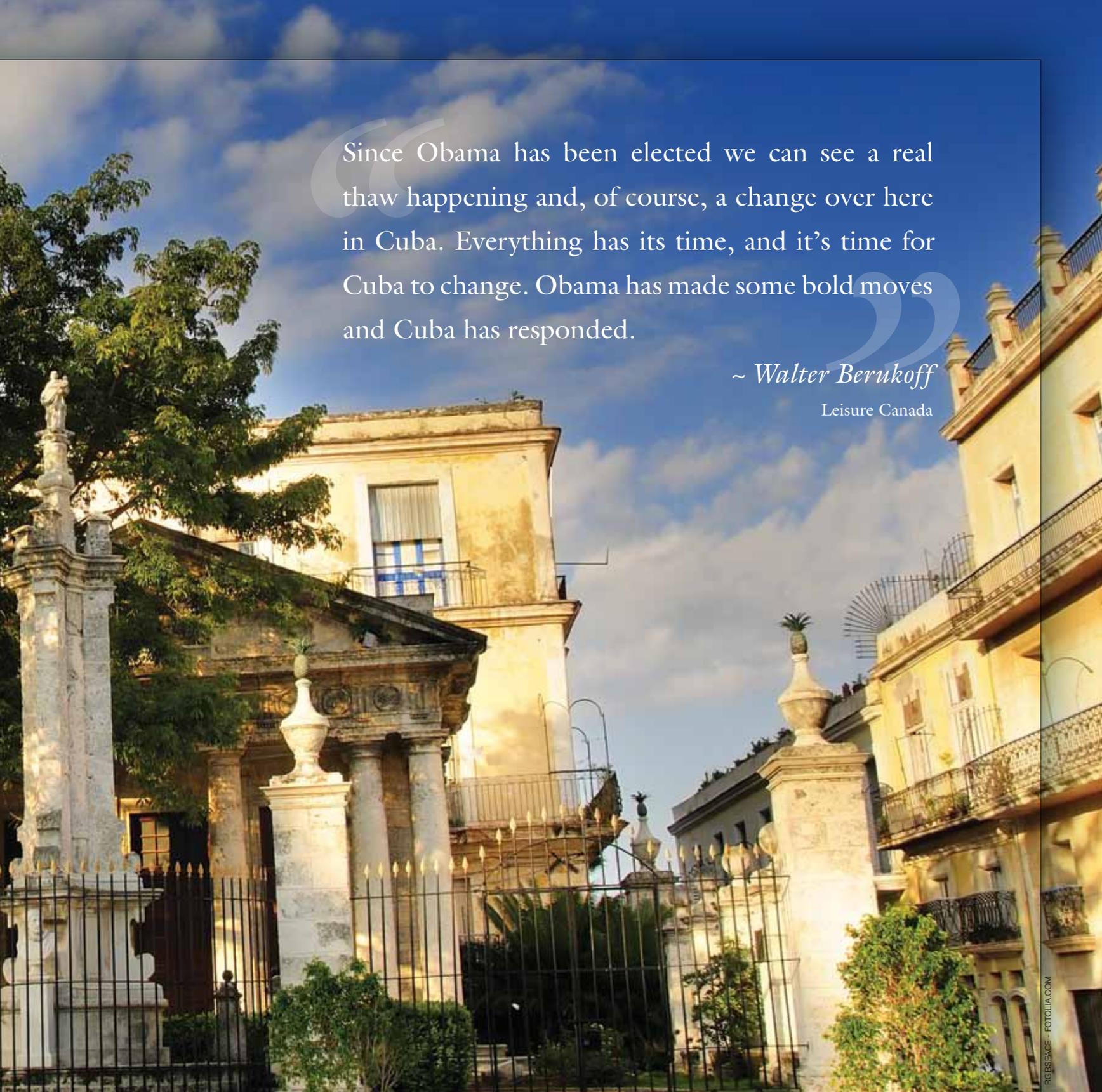
Campbell says he always has an eye and ear out for a good investment. But it was through the unlikely connection between the senator and one of Canada’s most popular TV dramas in history where he fell in love with Cuba, so much so that investing in the country seemed like the next logical step.

After 12 years as an RCMP officer in B.C., Campbell established Vancouver’s first district coroner’s office in 1981 and became the chief coroner for British Columbia in 1996. He later served as the mayor of Vancouver and readers across the country may remember his de-

scription as the “Dapper Mayor” for his penchant for wearing fedora hats and long overcoats. But it was in that capacity that he became the inspiration behind the popular CBC drama *Da Vinci’s Inquest*. Campbell was so intricately involved in the show he actually helped write and collaborate scripts for the series.

When the show’s lead actor Nicholas Campbell (no relation), with whom he shared a love of cigars and jazz, asked him to go to Cuba for a holiday, it set off a lifelong love and appreciation for Cuban life and culture.

“The energy is just so vibrant here,” describes a relaxed and peaceful Campbell, resting beside a life-size stone sculpture and water fountain in Havana. “There is something about the people, there’s an indepen-



“Since Obama has been elected we can see a real thaw happening and, of course, a change over here in Cuba. Everything has its time, and it’s time for Cuba to change. Obama has made some bold moves and Cuba has responded.

~ *Walter Berukoff*

Leisure Canada

dent streak in them, no matter what goes on, they are fine – they were devastated by a hurricane last time I was here, they’ve lived through food shortages. This embargo that has made life hell, but no matter what the beautiful energy here is not lessened.”

Campbell says he was keen on exploring the investment possibilities because of what he saw as a strong and natural Canadian-Cuban connection surrounding the inevitable need for development in all areas, tourism included, in one of the most beautiful places in the world.

“I have traveled all over and when you see the all-inclusives all over the Caribbean, they act like a wall between the country and the tourists. What interests me here is this company, for one, is also interested in other kinds of development, and two, with the Cuban gov-

ernment involved, you know the culture of Cuba will be protected.”

Campbell says he also spent considerable time making sure his own investment demands of clean, environmentally-sustainable development were in place before he made the decision to invest.

“I just look at this country and say, ‘Wow, there is so much Canadians can do here.’ ”





ABOVE: The colourful lifestyle of Havana, and its plethora of vintage cars, make it a huge hit with tourists. **RIGHT:** Beautiful pastel views like this will become increasingly common as Leisure Canada's resort developments take shape. **FAR RIGHT:** Cuba is, of course, known for its cigars and vendors take great pride in explaining to tourists what makes them so special. The companies that produce them would have to ramp up production in a big way if the U.S. embargo was to drop.

property development with a keen sense of what he calls a shift in the consciousness surrounding the half-century old embargo. The growing belief that Obama's administration will find a way out of the embargo is, in fact, based partly on the close eye Cuba watchers keep on the island's most significant developers, Berukoff included.

"In my conversation with people in the White House, and we talk on a regular basis, they are moving their policies quickly because they realize the embargo simply doesn't work. It's a relic of the Cold War that is completely irrelevant and worse. If you start peeling back the onion skin, taking out the layers of rhetoric, you can see that. Last year, the U.S. sold 700 million dollars worth of food stuffs to Cuba based on exceptions to the embargo, more than anyone in the world, so of course it's all political, it's all about the money."

Like historians and political scientists around the globe, Berukoff sees an almost certain end to the embargo – one that hasn't existed throughout the 10 U.S. administrations leading up to Obama.



JEFF MCCOSHEN

"Since Obama has been elected we can see a real thaw happening and, of course, a change over here in Cuba. Everything has its time, and it's time for Cuba to change. Obama has made some bold moves and Cuba has responded."

Last year, Obama dropped travel restrictions of Cuban nationals and people with relatives in Cuba, and allowed financial remittances for Cuban relatives of Americans – all indications of what Berukoff's Washington friends call a tip in the "Cuba issue." Now, they say, the Cuba question is no longer on the "feel-bad" side of public policy, but is now considered in Washington a "feel-good" issue, and therefore one that could appear across the U.S. political landscape with better results than previously.

But meanwhile, Berukoff proceeded with meticulous caution on what has become the most ambitious development plan in Cuba in recent history in order to stay in the good books with Washington.

Unlike other foreign developers in Cuba, including notable Canadians, Berukoff set out with a determination to make his plan for resort property development meet the requirements set out in Helms-Burton. He hired a Washington legal team to help him investigate more than 440 properties in which he was interested right back to their Spanish land claims to make sure none of them had any U.S. claims attached.

Leisure Canada is now driven by a new dream team management group made up of many of the key players in the Vancouver-based Intrawest Corp. management group before the company was sold in one of Canada's largest sales of resort development properties in history. Leisure Canada's new CEO, Robin Connors, along with the company's CFO, Colin Yee, helped navigate the Intrawest deal. That team, says Berukoff, coupled with a changing political tide in Cuban-American relations and backed by Berukoff's precision in ensuring international investors of the absence of any ill effects of investing in a public company developing in Cuba, has renewed global interest in the project overall.

"People need to understand, it is not illegal for an American to deal here. This is why we went public, and we do have American investors in Leisure Canada as a result. The law states as long as there is a group, they don't own 49 per cent of the company, they are allowed to buy shares in a third party here in Cuba."

And unlike other international investment hot spots with heftier political considerations attached, Berukoff says it isn't a tough task convincing someone interested in sure returns of the merits of Cuba.

"The bottom line is, dirt is always ahead of inflation when it comes to the dialogue of what makes a good investment. Given the current situation, just about the time

...The difference is the people here will all benefit because that is the way they do things here.

~ *Walter Berukoff*

Leisure Canada



when millions of American are going to be highly interested in flocking to Cuba for vacations because of a changed political environment, our investors will be very well positioned. There are 60 million people in South Florida who can almost see across to the beautiful island of Cuba and soon the environment of the embargo will be history, so they will be pretty eager to explore Cuba. I will take 10 per cent of that any day. Investors see the potential."

Foreign investors, adds Berukoff, also recognize that because of the Castro emphasis on education for all, and because so many highly educated Cubans are in need of work, Cuba represents a better climate for labour and local management leadership than perhaps anywhere in the world at the moment.

And as far as doing business in socialist Cuba, Berukoff says his international investment community is not unfamiliar with the necessity of partnering in foreign areas, and the Cuban government offers about the most stable of any partnership relationship.

"Business in Cuba is done through joint ventures with Cuban companies ultimately owned by the Cuban government. In my company, Red Lion, we have, over the years, established

ourselves in many emerging markets, and the only way to establish your business in any significant way is to gain a local partner. We've done that in Argentina, Fiji and other parts of the world and here in Havana, of course, that is no different. Here, it's even more important.

"As you can see, Cuba is very well organized, very well educated and literate, and understands the concept of successful joint partnerships, maybe better than anywhere. This is a country of the most educated people in the Western Hemisphere, many believe in the world.

"And as far as some people fearing there will be some kind of transition phase of a so-called acceptance of Americans, I can tell you first-hand, these people don't have a beef with Americans, they have a beef with the embargo. This is a proud, strong culture and they have a need to succeed and they really do succeed. This country has developed a population that has inner strength in the belief of their country. They don't pretend to say everything is perfect. Of course they want a larger middle class and better TV and better choice of food. Does Cuba want a better quality of life? Of course, and they know they need the embargo lifted and American tourism for their future.

And Cuba is better positioned than anywhere in the world to gain right across the board in that quality of life improvement – better than China, anywhere. The difference is the people here will all benefit because that is the way they do things here, whereas elsewhere, it is said in places like China, only about five per cent of the population ever receives the real benefits of development. Cuba has had storms and a global economic crisis that took a toll on tourism and the lack of Soviet backing and they know what needs to happen in the future, and they are eager to see that happen."

Berukoff has already caught the eye of the international investment community and says it would be a 'shame' if more investors from Canada, Cuba's current No. 1 source of tourism dollars, don't recognize opportunity, no matter when the embargo is lifted.

"Our projects will make sense at a reason-



able return even with the embargo in place. If I built that first hotel today, I can tell you I would make a great return right now because you've seen the quality of what is here now. You've seen the level of quality of hospitality in Cuba – and Canadians and Europeans still love coming here, it's beautiful and unlike other island destinations, Cuba has preserved its wonderful culture. People want to come here, and that's what makes this make sense. There's an awful lot of entrepreneurs in Canada who did really well through this recession compared to other parts of the world. They're going to see what we see in Cuba."

slickworldonline.com

LEISURE CANADA EARMARKED AS A TOP STOCK PERFORMER BY THE TORONTO STOCK EXCHANGE

TSX Venture Exchange named Leisure Canada Inc. (TSX VENTURE: LCN) ("LCN" or the "Company") one of the TSX Venture 50, a ranking of strong performers listed on TSX Venture Exchange. TSX Venture 50 is comprised of 10 emerging companies in five industry sectors that have been identified as leaders in Canada's public venture market. LCN is ranked No. 2 in the diversified industries sector.

"It is an honour to be named as part of this year's TSX Venture 50," said Robin Conners, president and CEO of the company. "Our listing on the TSX Venture Exchange has provided us with the ideal environment to achieve our investment and growth objectives."

Conners also recognized the roles of Dundee Securities Corp. and Paradigm Capital Inc., as well as MAC Capital Limited in the company's achievement.

The 2010 TSX Venture 50 were selected based on four equally weighted criteria that include return on investment, trading, analyst coverage and market capitalization growth in clean-tech, diversified industries, mining, oil and gas and technology and life sciences sectors.

"We are pleased to celebrate the 2010 TSX Venture 50," said John McCoach, president, TSX Venture Exchange. "These outstanding companies are proven leaders in their respective sectors and we are proud to have them listed on TSX Venture Exchange. We wish them all continued success."



Tourists relax at an all-inclusive resort at Varadero. Leisure Canada has some different ideas in mind with its plans for resort development in Cuba, opting to go with a different concept than all-inclusives with two of its resort development projects.

