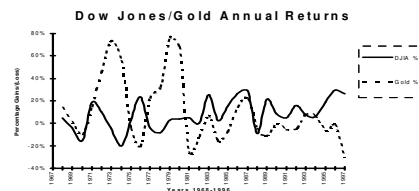




# Gold

## Energy & Tech Stocks



Weekly Hotline Message

(Now in our 38th Year)

November 8, 2019

New Coverage

### Lion One Metals Ltd.



**Business:** Exploration and development of the ~1 million oz. Tuvatu Gold Project on Fiji Island, South Pacific.

Traded Toronto:

LIO

USOTC:

LOMLF

Shares Outstanding:

103,104,962

Float<sup>1</sup>:

~ 50%

Price 11/8/19:

US\$0.83

Market Cap:

US\$85 million

Options Outstanding:

7,800,000

Cash:

~ C\$7 million

Gold Resource (All Categories @3.0 g/t cutoff)<sup>2</sup>:

767,500 oz.

Progress Rating:

A3

Phone:

604-998-1250

Website:

[www.LionOneMetals.com](http://www.LionOneMetals.com)

<sup>1</sup>Management owns ~ 22%; Don Smith & Co, Franklin Precious Metals Fund, JP Morgan Asset Management UK, Aegis Value Fund collectively own ~ 28%. <sup>2</sup>The breakdown of the current resource based on various cutoff grades is shown below on your left.

Cut off	Indicated Resource				Inferred Resource		
	g/t Au	Tonnes	g/t Au	oz. Au	Tonnes	g/t Au	oz. Au
1.0		1,943,000	5.61	350,300	3,022,000	5.80	561,000
2.0		1,435,000	7.07	326,200	2,156,000	7.50	520,000
3.0		1,101,000	8.46	299,500	1,506,000	9.70	468,000
5.0		683,000	11.25	247,000	872,000	13.90	390,000

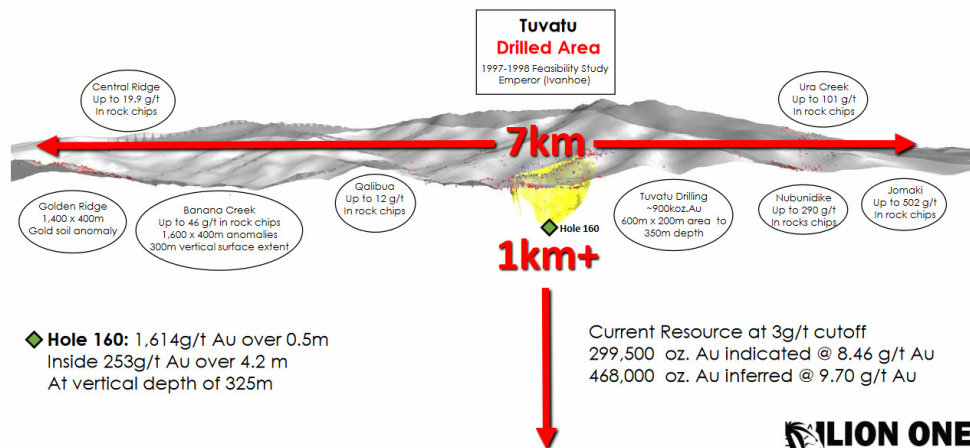
I was speaking with Dr. Quinton Hennigh regarding Novo Resources on November 6 and as we were about to conclude our conversation, he mentioned that I should take a close look at Lion One Metals. I had known of Lion One Metals and had considered adding it to this letter in the past but after it did an initial PEA, in my view—while the economics were robust—it

was a small-scale project that I just couldn't get excited about. However, if Quinton is excited, I have found from experience it pays to dig into the story.

As it turns out, Dr. Hennigh has identified this company's Tuvatu Gold Project on Fiji Island as an alkaline gold system. These systems are one of the most important types of auriferous mineralization types. Some of the largest gold-copper mines are actually alkaline related, from *Cripple Creek* and *Sierra Blanca* in North America, via *Olympic Dam* in Australia, to *Grasberg*, *Porgera*, and *Emperor* in Australasia. These huge systems are not all that common. The size and rarity of these systems may explain why not many junior mining companies are familiar with them. Dr. Hennigh did have experience with them while he was at Newmont Mining. Now that Lion One has this large-scale vision of this project and Quinton is confident that there is a deeper alkaline system beneath the existing resource, I have suddenly become excited about this story.

And we could actually get some assays fairly soon based on information put out by the company in its October 1, 2019,

## District and Alkaline System Exploration Targets



press release titled, **“Lion One Targets High-Grade Feeder Beneath Tuvatu Alkaline Gold Resource, Fiji.”** The notion that we might have some drill results fairly soon is based on the statement in the news release that the first of two holes should be completed in six to eight weeks. It is my understanding that the first drill core has been pulled. The company has its own lab and it is no doubt in the process of analyzing it now. I’m not sure when the first hole will be assayed but it should not be long.

The illustration above left provides a perception of scale that has me excited. The small yellow area near the surface of the project represents the resource that approaches 1 million under a 1 g/t cutoff assumption. But this target extends over a 7-km strike to a depth of over 1 km. Do you see why not many juniors get involved in this kind of large-scale target?

As noted in the October 1 news release, *“The first drill hole, TD01, is an 800-metre-long hole designed to target down-dip extensions near the centre of the current resource in an area where an extremely high-grade feeder structure appears to be coalescing. Nearby drill hole TUDDH-160 intersected 1,614 grams per tonne gold over 0.5 m within a broader interval of 367 g/t over 2.92 m, from 333 m down hole depth. A second planned hole, TD02, is 1,000 m long and targets a further 300 m down dip below TD01. Two additional planned holes, TD03 and TD04, each 1,000 m long, will test down dip areas 200 m north and 200 m south of TD02, respectively.*

*“This drill program is designed to demonstrate that the Tuvatu resource has the potential to extend to vertical depths beyond 1,000 m, so two to three times the current resource depth. The program also tests for potential high-grade feeder structures emerging from the interpreted magma chamber underlying the seven km diameter Navilawa caldera. The company will utilize a deep-penetrating surface drill belonging to its own drilling company, Geodrill Fiji. Once collared, TD1 is anticipated to take approximately six to eight weeks to complete. Assays will be analyzed at the company's own geochemical laboratory in Fiji, with duplicates of significant mineralized intercepts sent to an independent laboratory in Australia.*

### SELECT HIGH GRADE DRILL INTERCEPTS FROM DEEPEST POINTS DRILLED AT TUVATU

TUDDH 222	0.45 m at 52.10 g/t Au from 529.85 m (true width 0.28 m)
TUDDH 176	0.95 m at 56.51 g/t Au from 437.35 m (true width 0.67 m)
	2.75 m at 26.24 g/t Au from 496.00 m (true width 2.05 m)
TUDDH 183	0.65 m at 17.55 g/t Au from 435.30 m (true width 0.44 m)
TUDDH 100	0.50 m at 22.30 g/t Au from 424.05 m (true width 0.27 m)
TUDDH 218	0.42 m at 20.01 g/t Au from 424.53 m (true width 0.31 m)
TUDDH 207	1.45 m at 19.86 g/t Au from 418.90 m (true width 0.78 m)
TUDDH 429	2.38 m at 7.94 g/t Au from 303.25 m (true width 1.36 m)
	1.45 m at 26.02 g/t Au from 418.25 m (true width 0.87 m)
TUDDH 160	2.92 m at 361.67 g/t Au from 333.3 m (true width 1.08 m)
including	0.50 m at 1,614.0 g/t Au from 335.15 m (true width 0.19 m)
	4.12 m at 19.61 g/t Au from 403.20 m (true width 1.11 m)
	1.40 m at 54.01 g/t Au from 417.10 m (true width 0.49 m)
TUDDH 112	4.60 m at 17.58 g/t Au from 301.00 m (true width 1.29 m)
TUDDH 123	2.05 m at 13.74 g/t Au from 308.00 m (true width 0.57 m)

It should be noted that in addition to geophysical indications of a deeper alkaline system, the presence of a key pathfinder mineral, namely Roscoelite, is present at the Tuvatu system.

It’s not as if significant high-grade gold intercepts have not indicated exciting grades at depth. The table on your left shows some of the deeper higher grades at depth. And now Dr. Hennigh, as he is prone to do, is using some of the latest technologies to improve the odds for exploration success.

Elsewhere in this issue, I passed along comments by Dr. Quinton Hennigh regarding the use of CSAMT

technology regarding work he is involved with on Irving’s project in Japan. He told me on my radio show that CSAMT lights up the existence of veins like bones in an X-ray. The October 1 news release informed investors that Lion One will soon be undertaking a systematic controlled source audio-magnetotelluric (CSAMT) geophysical survey over the recently consolidated, district-scale exploration licence area covering the entire Navilawa caldera. The company stated that the

goal of this survey is to identify deep gold-bearing structures which complements a recent reinterpretation of an induce polarization survey completed in 2012 that identifies significant deep geophysical anomalies north of the Tuvatu resource thought to be associated with the core of the hydrothermal system.

Once CSAMT data have been interpreted, the company's drilling program is likely to expand to include targets in the northern part of the caldera including Banana Creek, approximately 3,000 m northeast of the Tuvatu resource area.

### **The Table Is Set**

Several factors reduce risk for investors buying this stock now. Prior to Quinton's becoming involved, Management consolidated the entire caldera and it is now fully permitted. A PEA has already been carried out on a relatively small scale that revealed a 50% IRR at \$1,200 gold with the mine producing 352,931 ounces of gold over a 6.16-year mine life. The projected all-in sustaining cost was projected to be US\$778.60. The idea was to start small to reduce initial capital to US\$48.6 million then to scale up as the deposit grows. Good as those economics appear to be, the reason I could never get terribly excited about this story was its small scale. So for example, the PEA projected a 5% discounted NPV of US\$86.54 million. From experience I have found that the market cap for moving projects of this scale forward seldom see their market caps approach NPV projections. But now with this new vision, combined with a project that is fully permitted for production, this is a story that I think demands attention.

### **MANAGEMENT**

**Walter H. Berukoff | Chief Executive Officer | Chairman of the Board** - Mr. Walter H. Berukoff is the founder, Chairman and Chief Executive Officer of Lion One Metals Limited. Mr. Berukoff was the founder and C.E.O of Miramar Mining Corporation, Northern Orion Resources, and La Mancha Resources, and has operated or commissioned gold mines in seven countries. Mr. Berukoff is also Managing Director of Red Lion Management, a merchant banking company, and has raised over \$1 billion for global mining and real estate projects.

**Tony Young, CA | Chief Financial Officer** - Mr. Tony Young has over 17 years' experience in financial roles for mining companies operating in both Canada and Latin America. Mr. Young was most recently the Director of Finance at Red Eagle Mining Corporation, where he guided the company's transition from mine development to production, including the construction of a 1,200 tonne per day processing plant at the San Ramon gold mine in Colombia. Mr. Young was also the Corporate Controller for Luna Gold Corp. (Trek Mining Inc.), an 80,000 ounce per year gold producer with a 6,000 tonne per day processing plant in Brazil. Mr. Young was previously Senior Manager at KPMG LLP providing assurance and tax services to mining and resource-based companies in Canada. Mr. Young is a Chartered Professional Accountant and Certified Public Accountant (Illinois) and holds a Bachelor of Commerce from the University of British Columbia.

**Stephen Mann, P.Geo | Managing Director | Director** - Mr. Stephen Mann was appointed the Managing Director of Lion One in December 2013, having been appointed to the board of directors in October 2012. Mr. Mann is a geologist with over thirty years industry experience in mineral exploration and development. Mr. Mann graduated from Adelaide University with Honours in 1981 and subsequently worked in mineral exploration for companies such as Utah Development Company, BHP Minerals Ltd., and Newcrest Mining Limited. From 1994 until 2006 Mr. Mann worked as an Exploration Manager and later Managing Director of Cogema Australia Pty Ltd/AREVA, focused on exploration and mining for gold and uranium. At Cogema/AREVA, Mr. Mann is credited with the discovery, development, and initiation of mining on the White Foil and Frogs Leg gold deposits. Mr. Mann was also managing director of Perth, WA-based Avocet Resources Limited, focused on gold, uranium, and iron ore exploration in Australia and Argentina from 2006 until its merger with Lion One in June 2013.

**Ian Chang, P.Eng. | Chief Development Officer** - Mr. Chang has over 30 years of experience in executive roles, project and engineering management ranging from smaller high-grade underground gold mines to large-scale projects. From 2011 until 2016 Mr. Chang was Vice-President, Project Development for Pretium Resources Inc., where he managed the feasibility study and subsequent development of Brucejack, Pretium's \$1 billion, 2,700 tonne per day (tpd), high grade underground gold project in northern BC. Mr. Chang's corporate responsibility encompassed all capital project development at Pretium including engineering, procurement, and construction of all roads, powerlines, site infrastructure, work camps, processing facilities, and related permitting.

Mr. Chang was previously Project Director and Head of Project Management for Fluor Canada Limited, with responsibility for the management of EPCM for mining and metal projects, including the EPCM contract for Vale's \$3

billion Long Harbour nickel-copper-cobalt refinery in Newfoundland. Over the course of his career he has held management, engineering and commissioning roles on a number of projects that have progressed through feasibility to successful operation. His roles have included: project manager for the engineering and procurement portion of the US\$650 million mine expansion of Minera El Abra in Chile; pre-feasibility study manager for a 2,000 tpd mine at Meadowbank in Nunavut; project manager for the design of the 3,300 tpd Musselwhite gold mill; project engineer on the engineering, construction and commissioning of the copper and zinc autoclave system of Hudson Bay's Flin Flon operations; mechanical engineer involved in the design for the column flotation cells at the Campbell Red Lake mine and for the design of the 450 tpd gold-silver concentrator at the Mineral Hill mine in Montana.

**Hamish Greig | Vice President | Corporate Secretary** - Mr. Greig joined the Company in 2010 prior to the merger between American Eagle Resources and X-Tal Minerals Corp. and was appointed VP Investor Relations in November 2011, and Director in June 2012. Directly and indirectly Mr. Greig has raised over \$50 million in public equity financings and has experience in various public market roles including investor relations, corporate finance, and administration.

### Technical Team

**Stephen Mann, P. Geo** - Mr. Stephen Mann was appointed the Managing Director of Lion One in December 2013, having been appointed to the board of directors in October 2012. Mr. Mann is a geologist with over thirty years industry experience in mineral exploration and development. Mr. Mann graduated from Adelaide University with Honours in 1981 and subsequently worked in mineral exploration for companies such as Utah Development Company, BHP Minerals Ltd., and Newcrest Mining Limited. From 1994 until 2006 Mr. Mann worked as an Exploration Manager and later Managing Director of Cogema Australia Pty Ltd/AREVA, focused on exploration and mining for gold and uranium. At Cogema/AREVA, Mr. Mann is credited with the discovery, development, and initiation of mining on the White Foil and Frogs Leg gold deposits. Mr. Mann was also managing director of Perth, WA-based Avocet Resources Limited, focused on gold, uranium, and iron ore exploration in Australia and Argentina from 2006 until its merger with Lion One in June 2013.

**Dr. Quinton Hennigh** - Dr. Quinton Hennigh was appointed as Technical Advisor for the Tuvatu Gold Project March 2019. Dr. Hennigh is an internationally-renown economic geologist, with over 25 years of exploration experience and expertise with major gold mining companies such as Homestake Mining Company, Newcrest Mining Limited, and Newmont Mining Corporation where he last served as senior research geologist in 2007. He has since made a number of significant gold discoveries for Canadian exploration companies such as the 5 million oz. Springpole alkaline gold deposit near Red Lake, Ontario, for Gold Canyon Resources, and the Rattlesnake Hills gold project for Evolving Gold. He is currently Chairman and President of Novo Resources Corporation, which he helped start in 2010. Dr. Hennigh holds a Bachelor of Science from the University of Missouri, and M.Sc. and a Ph.D. in geology and geochemistry from the Colorado School of Mines. He is a member of the Society of Economic Geologists, the Mining and Metallurgical Society of America and the Association of Professional Geoscientists of Ontario.

**Darren Holden, P. Geo** - Darren Holden is a geology graduate of the University of Otago (NZ) & The University of Western Australia. He has worked in both mining and mineral exploration environments all over the world and is a recognised leader where he brings passion, verve and creativity to mineral exploration. Darren is a specialist in hard rock mineral exploration including epithermal and mesothermal gold & silver, porphyry copper gold, base+precious metal, base metal vms, mafic hosted nickel-copper-pge, sedex style. Corporately Darren is well connected in Australian and North American financing scenes and is a noted presenter and speaker and has helped raise over \$100M for the mineral exploration industry.

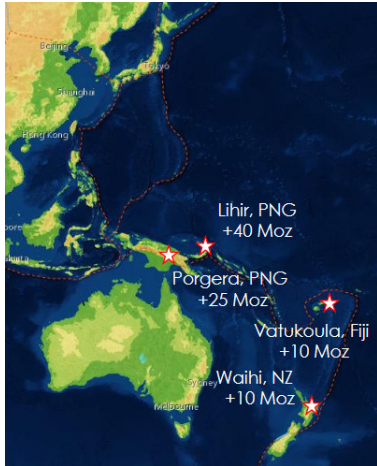
**Ian Chang, P. Eng** – See above.

**Kevin Li, P. Eng** - Mr. Li joined Lion One in 2017 after serving three years at Pretium Resources Inc., as the Project Controls Manager for the Brucejack gold project in northern British Columbia. Mr. Li's career spans over 30 years with extensive experience in heavy industrial and construction project management. Mr. Li's previous experience includes positions as the Project Manager at Monument Mining for the construction of the Selinsing gold mine expansion in Malaysia, Senior Project Scheduler at SNC-Lavalin for Barrick Gold's Pueblo Viejo gold mine in the Dominican Republic and SaskPower's Yellowhead power plant in Saskatchewan, Project Controls Manager at Fluor Canada on the



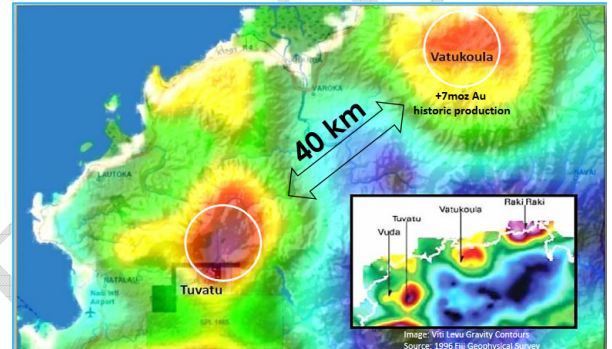
Sulfolix Copper Mine in Chile, and over 13 years as the Civil and Structural Engineer and Project Manager at China's Dongfang Electric Corporation.

## THE BOTTOM LINE



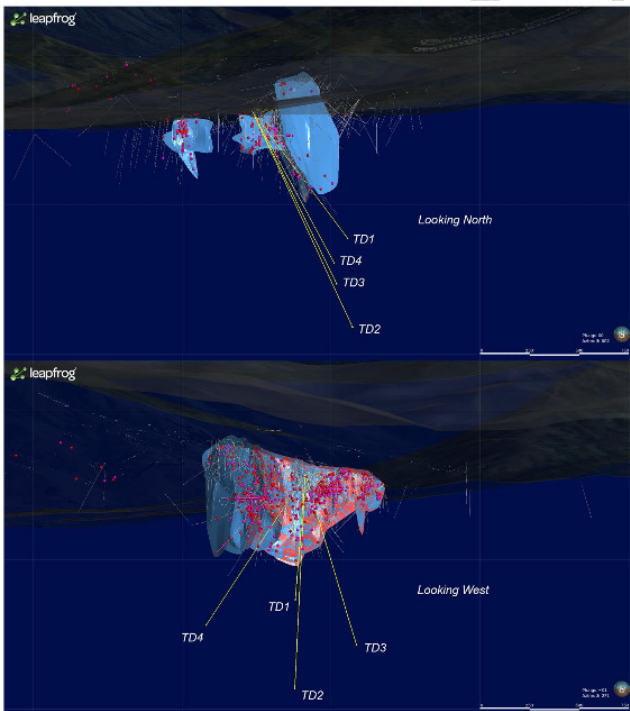
The potential to outline a large high-grade gold deposit made more realistic by the involvement of the visionary geologist Quinton Hennigh has finally attracted me to Lion One. That's not to overlook the table-setting work of Management headed by CEO and Chairman Walter H. Berukoff, who approached this project with caution while establishing its economic viability even on a smaller scale. Berukoff has had quite a record of success in the past, having been involved in the sale of Northern Orion for \$1.1 billion to Yamana Gold, Miramar for \$1.5 billion to Newmont, and AREVA for \$500 million to Weather Investments. His intention was to scale up from a small high-grade, high-margin project, which makes sense unless you can in relatively short order and with limited risk, provide a vision for investors of a massive world-class deposit. Then it may

be possible to raise capital at a much faster and more efficient clip, allowing for a faster scale up or another sale akin to the achievements of Berukoff in the past. It is the potential that I think Quinton Hennigh may have brought to this story that may help Berukoff to add another major success to his track record.



It's not that Management didn't perceive massive scale as a possible outcome eventually. After all, large-scale world-class mines are found in this part of the world, the closest being within 40 KM of Tuvatu. Now we will be watching for drill results, which should be forthcoming as soon as the company's internal assays are checked and verified by a third party. Stay tuned; this could be another exciting story related in part to the work of Quinton Hennigh.

## Update as of November 8, 2019



**Lion One Metals** – This is the first time that I have provided an update on a company the same week that coverage was initiated in this letter. But much to my surprise after the close of business on Thursday, Nov. 7, the day I first wrote about Lion One, the news that came out after my introduction is so significant that I felt I had to add it this week. In fact, when I read the press release on Friday, Nov. 8, I purchased some shares for my own account.

What is so significant about the November 7 report that I felt compelled to address it immediately? As noted in my report above, the company is seeking to find a feeder zone for the existing resource that Lion One has built into their economic model. And if they find it the theory is that this could be a monster deposit in the making, akin to some of the others in that part of the Ring of Fire. The importance of the November 7 report is that it looks like Lion One has found what it is looking for, based in drill core from the first hole, the location of which is shown on your left and named TD01. **Note** that in the November press release the first hole is labeled TUDDH493 rather than TD01, and the target hole is 600 meters rather than 800 meters, as discussed in my initial comments on 8 of this issue.

Following is part of what was reported in Lion One's November 7



press release.

*“The first of a series of four deep diamond drill holes, TUDDH493, oriented eastward at an inclination of 55 degrees, is nearing its target depth of approximately 600 metres after undercutting the entire Tuvatu lode network near the bottom of the current delineated resource. This hole targets a particular area where several high-grade structures appear to be converging. Multiple mineralized intercepts are apparent in core from TUDDH493, most notably:*



- *An 11.3-metre interval of quartz veinlets in altered monzonite beginning at 318.6 m. This intercept is situated approximately seven m from a high-grade interval in historic hole TUDDH160 that displayed assays up to 1,600 grams per tonne gold. Bright green roscelite (see above), a key indicator mineral at Tuvatu, is evident in some veinlets within the 11.3 m interval;*
- *A four-metre interval of hydrothermal breccia beginning at 422.5 m. This breccia is unlike any mineralization previously observed at Tuvatu but closely resembles that seen in some lodes at the Vatukoula Gold Mine approximately 40 km to the northeast. The four m breccia zone occurs in monzonite and is cemented by vuggy quartz-adularia-pyrite veining. Specks of visible gold up to two millimetres across are observed in vugs at approximately 423 m. Lion One believes this intercept is highly significant and suggests the mineralizing system is evolving with depth at Tuvatu, a possible indication of further high-grade mineralization below.*



*“Upon completion of TUDDH493, Lion One plans to collar its next deep drill hole, one targeting the lode system at depths of approximately 100 to 300 m below the current resource. This next hole*

Of course, until assay results are received, the possible grade of the noted intervals is unknown and there is no certainty that the interval will contain significant gold values. But I can tell you in talking to Quinton Hennigh earlier in the week he is excited about what he saw in this drill hole. No guarantees, but it’s looking good!

In the press release, Management also noted that BLEG sampling of stream sediments that has recently been completed across most of the Navilawa caldera has expanded the footprint of mineralization within the Caldera. BLEG stands for “bulk leach extractable gold.” Large prospective areas mainly to the north and northeast of the Tuvatu Mine site have been identified. Management believes based on BLEG alone that the footprint of Navilawa is several times larger than previously thought. The company expects to generate numerous new drill targets within these new areas.

Management reports that it has recently been opening access into new gold anomalous areas so that prospecting, mapping, and sampling can be conducted. Also, many veins have reportedly already been exposed in new road cuts. For example, vein material from Banana Creek displays fine crystalline wire gold, a promising initial indication.

In summing up the November 7 news release, Quinton Hennigh stated the following: *“A few weeks ago, we told the mining investment community our plans for Navilawa including BLEG sampling over the newly acquire Navilawa tenement and deep drilling under the Tuvatu resource. We are already seeing huge returns from this work. BLEG samples clearly show the alkaline gold system is much larger than previously thought and that we have a vast new area in which to develop drill targets. Our first deep diamond drill hole has encountered multiple lodes including a new style of potentially important high-grade mineralization at Tuvatu. We are off to a very good start, but we have lots more work to do to unlock the considerable potential evident at Navilawa.”*

As noted in my initial report on page 8, a CSAMT survey is underway that, as Dr. Hennigh notes, “shows veins” like the bones in an X-ray. Now pay attention to this story! We should soon have assays reported on the first drill hole followed by subsequent drill holes and, as Management reported, “By year-end, Lion One anticipates receiving initial assays from many new gold occurrences with areas highlighted by BLEG sampling.” This story could get very exciting by year end as Lion One uses the latest available exploration technology along with Dr. Hennigh’s guidance to find what very well may be a world-class gold discovery.

---

**J Taylor’s Gold, Energy & Tech Stocks (JTGETS)**, is published monthly as a copyright publication of **Taylor Hard Money Advisors, Inc. (THMA)**, Tel.: (718) 457-1426. Website: [www.miningstocks.com](http://www.miningstocks.com). THMA provides investment ideas solely on a paid subscription basis. Companies are selected for presentation in JTGETS strictly on their merits as perceived by THMA. No fee is charged to the company for inclusion. The currency used in this publication is the U.S. dollar unless otherwise noted. The material contained herein is solely for information purposes. Readers are encouraged to conduct their own research and due diligence, and/or obtain professional advice. The information contained herein is based on sources, which the publisher believes to be reliable, but is not guaranteed to be accurate, and does not purport to be a complete statement or summary of the available information. Any opinions expressed are subject to change without notice. The editor, his family and associates and THMA are not responsible for errors or omissions. They may from time to time have a position in the securities of the companies mentioned herein. No statement or expression of any opinions contained in this report constitutes an offer to buy or sell the shares of the company mentioned above. Under copyright law, and upon their request companies mentioned in JTGETS, from time to time pay THMA a fee of \$250 to \$500 per page for the right to reprint articles that are otherwise restricted solely for the benefit of paid subscribers to JTGETS.

**To Subscribe to J Taylor’s Gold, Energy & Tech Stocks Visit:**

<https://www.miningstocks.com/select/gold>