

# Lion One Metals Signs Merger Agreement with Avocet Resources Limited

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## Combined Company to Create Diversified Portfolio of Precious Metals and Base Metals Projects in Fiji, Australia, and Argentina

VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 12/21/12 -- [Lion One Metals Limited](#) (TSX VENTURE: LIO) (OTCQX: LOMLF) (FRANKFURT: LY1) ("Lion One") and Perth, Australia-based [Avocet Resources Limited](#) (ASX: AYE) ("Avocet") are pleased to announce that they have executed a Merger Implementation Agreement ("MIA") pursuant to which Lion One proposes to acquire all of the issued shares in Avocet by way of Scheme of Arrangement ("Scheme").

Under the proposed merger, shareholders of Avocet will receive 1 share of Lion One for every 9.5 shares held in Avocet.(1) Based on the closing price of Lion One shares on December 19, 2012, the merger implies an offer price of A\$0.072 per Avocet share,(2) representing a premium of 28.73% to the closing price of Avocet shares on December 20, 2012, and a premium of 28.07% to the 60-day volume-weighted average price of Avocet shares for the period ending December 20, 2012. Under the terms of the MIA, Lion One will issue, subject to regulatory approval, 11,106,772 common shares, representing 18.5% of the outstanding shares of the Company.

Combined assets of the merged Lion One and Avocet entity (the "Merged Entity") will include:

- The Tuvatu Gold Project in Fiji - Lion One's advanced exploration project with current resources of 480,000 ounces inferred (2,618,000 tonnes at 5.71 g/t Au) and 172,000 ounces indicated (760,000 tonnes at 7.05 g/t Au).(3)
- An historic probable reserve under Australian JORC guidelines of 269,000 oz. at 6.63 g/t Au based on a feasibility study carried out in year 2000 by Bateman Engineering.(4)
- A 25% interest carried to production in the Olary Creek iron ore project in South Australia.
- Majority ownership and management of the Monster Precious Metal Project (gold and silver) in the Ashburton area of Western Australia, featuring a mineralised structure identified over a strike of over 13km with gold grades up to 13 g/t Au and silver grades to 1660 g/t Ag in rock chips.
- A strong portfolio of other precious metal and uranium projects in Fiji, Australia, and Argentina.
- An experienced team comprising members of both Avocet and Lion One capable of rapidly advancing the combined assets of the Merged Entity.
- Cash and cash equivalents of approximately CAD\$18 million.
- A market capitalization in excess of CAD\$35 million (based on the share price as at December 20, 2012) with the potential for a marketing re-rating.

## Board of Directors' Recommendations

The independent directors of Avocet recommend that Avocet shareholders vote in favour of the merger in the absence of a superior proposal for Avocet and subject to an independent expert concluding that the Scheme is in the best interests of Avocet shareholders.

## Transaction Structure and Terms

Under the proposal, Lion One will acquire all the issued ordinary shares of Avocet by way of the Scheme, where eligible Avocet shareholders will receive 1 Lion One share for every 9.5 Avocet shares held. On completion of the Scheme, Avocet shareholders and Lion One shareholders will hold approximately 18.5% and 81.5%, respectively, of the issued common shares of the Merged Entity (assuming that no options are

exercised by Avocet or Lion One option holders). Lion One shareholders will continue to hold their existing Lion One common shares.

The merger is subject to Australian Court and Avocet shareholder approvals, with respect to Avocet shares, and TSX Venture Exchange approval with respect to new shares of Lion One created under the Scheme. The full terms of the MIA will be released by Avocet to the ASX in a separate announcement.

Avocet shareholders will receive a scheme booklet, which will contain full details of the proposed merger, the basis for the Avocet independent directors' recommendation, and an Independent Expert's Report. It is anticipated that the scheme booklet will be dispatched to shareholders in early March 2013, and that a meeting of Avocet shareholders to vote on the scheme will be held in early April 2013. It is expected that the merger will be implemented in April 2013.

### Indicative Timetable for the Scheme

KEY EVENTS	DATE
Announcement of the proposed merger	21 December 2012
First Court date to seek approval to convene a meeting of Avocet shareholders to consider the Scheme.	February 2013
Scheme Booklet dispatched to Avocet shareholders.	March 2013
Avocet shareholders meeting to vote on the Scheme.	April 2013
Second Court date to seek Court approval of the Scheme.	April 2013
Scheme implementation.	April 2013

Further information relating to Avocet Resources Limited and its various exploration projects can be found on the Company's website at [www.avocetresources.com.au](http://www.avocetresources.com.au).

The content of this news release has been reviewed by Mr. Darcy Krohman, P.Geol, a Qualified Person for the purposes of Canadian National Instrument 43-101.

### About Lion One Metals Limited

Lion One Metals is focused on the exploration and development of prospective multi-million oz. gold deposits in the Fijian Islands. The Company's flagship Tuvatu Gold Project is situated in the Sabeto Valley, along Fiji's corridor of mineralized volcanic centers, approximately 50 km southeast of the 11 million ounce Vatukoula gold deposit. The Fijian Islands exhibit similar "island arc" geology that gives rise to many of the SW Pacific's major gold deposits such as Vatukoula, Ok Tedi, Porgera, and Lihir.

On Behalf of the Board of Directors

Hamish Greig, Director, Vice President  
Lion One Metals Limited

*This press release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects Lion One Metals Limited's current beliefs and is based on information currently available to Lion One Metals*

*Limited and on assumptions Lion One Metals Limited believes are reasonable. These assumptions include, but are not limited to, the actual results of exploration projects being equivalent to or better than estimated results in technical reports, assessment reports, and other geological reports or prior exploration results. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Lion One Metals Limited or its subsidiaries to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the early stage development of Lion One Metals Limited, general business, economic, competitive, political and social uncertainties; the actual results of current research and development or operational activities; competition; uncertainty as to patent applications and intellectual property rights; product liability and lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting mining, timing and availability of external financing on acceptable terms; not realizing on the potential benefits of technology; conclusions of economic evaluations; and lack of qualified, skilled labor or loss of key individuals. Although Lion One Metals Limited has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Lion One Metals Limited does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

(1) Ineligible Avocet shareholders and Avocet shareholders with small parcels will have the Lion One shares they would otherwise receive issued to a nominee for sale.

(2) Calculation based on an exchange rate of 1 AUD = 1.0367 CAD.

(3) The current mineral resource estimate was completed in August 2010 using a 2.0 g/t Au cut-off and was prepared according to CIM definitions, as required by Canada's National Instrument 43-101 guidelines.

(4) The work necessary to verify the classification of the mineral reserve estimate has not been completed and the reserve estimate therefore, cannot be treated as NI 43-101 defined reserve verified by a qualified person. The historical resource/reserve estimate should not be relied upon.

Neither the TSX Venture Exchange nor its Regulation Service Provider accepts responsibility for the adequacy or accuracy of this release.

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