

Canadian gold project developer Gabriel Resources has filed a request for arbitration before the World Bank's International Centre for Settlement of Investment Disputes (ICSID) against Romania.

The TSX-listed company had been embroiled in a longstanding dispute with Romania over the development of its flagship Rosia Montana gold/silver project, of which Gabriel held an indirect 80.69% interest, and alleged violations by the Romanian government of the protections afforded by bilateral investment treaty obligations, causing significant losses to Gabriel.

The mine had been stuck in limbo for years, waiting for a key environmental permit, and Gabriel had spent more than \$550-million on the project during its longer-than 15-year involvement with the project. The project had drawn fierce opposition from civil rights and environmental groups, which argue it would destroy ancient Roman mine galleries and villages and could lead to an ecological disaster.

Neighbouring Hungary had also voiced opposition to the project, which would cost about \$1.5-billion to build. The exploitation licence for the project, which had been billed as the largest undeveloped gold deposit in Europe, was held by RMGC, a Romanian company in which Gabriel currently owned an 80.69% interest, with the 19.31% balance held by Minvest Rosia Montana, a Romanian State-owned mining enterprise. Gabriel reaffirmed that it remained certain that construction of the mine using state-of-the-art technology would demonstrate the extensive benefits of the project including for the environment and for preservation of Romania's cultural heritage.

"Through its actions and inactions, Romania has blocked and prevented implementation of the project without due process and without compensation, effectively depriving Gabriel entirely of the value of its investments," the company alleged in a statement on Tuesday. In the request for arbitration, Gabriel was seeking the full relief owed to it under the provisions of the treaties for the deprivation of its rights to develop the project as a consequence of Romania's treaty violations. Gabriel said that arbitration proceeding started in January, when it issued the Romanian Prime Minister with a written dispute notice, in which the company had invited the Romanian authorities to engage formally with Gabriel to find an amicable resolution.

Further letters of request for consultation sent by the company in April and May remained unanswered. Gabriel said that it continued to seek engagement at a senior level in order to resolve the issues at dispute. However, the company said it was left with no other choice but to seek legal recourse through the request for arbitration. Gabriel had engaged White & Case LLP to advise it in this matter. Gabriel held \$32.1-million of cash and cash equivalents as at June 30.

Gabriel had been waiting for approval to use cyanide to mine about 314 t of gold and 1 500 t of silver in the town of Rosia Montana, in Transylvania. Gabriel had proposed to build four



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openpit gold mines over the project's life span, which would destroy four mountaintops and wipe out three out of 16 villages, while preserving Rosia Montana's historic centre. The project holds Canadian National Instrument 43-101-compliant measured and indicated resources of 17.1-million ounces of gold and 81.1-million ounces of silver. Proven and probable reserves total 10.1-million ounces of gold and 47.6-million ounces of silver.

source: actmedia.eu