

Gabriel Resources Ltd. 2024 Third Quarter Report

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LONDON, Nov. 29, 2024 - [Gabriel Resources Ltd.](#) (TSXV:GBU) ("Gabriel" or the "Company") announces the publication of its Third Quarter Financial Statements and Management's Discussion and Analysis for the period ended September 30, 2024.

Summary

- Arbitration
 - On March 8, 2024, Gabriel announced that a majority of the presiding tribunal ("Tribunal"), over the strong dissent of one of the three arbitrators, had issued a final decision ("Arbitral Decision") dismissing the ICSID arbitration claims filed against the Romanian State ("ICSID Arbitration") and awarded Romania approximately US\$10 million in costs ("Costs Order").
 - On July 8, 2024, Gabriel announced that it has filed an application requesting the annulment of the Arbitral Decision ("Annulment Application") and on July 12, 2024, the Acting Secretary-General of ICSID registered the Annulment Application and notified the parties of the provisional stay of enforcement of the Costs Order.
 - The annulment process prescribed by the ICSID Convention ("Annulment Proceedings") is not an appeal of the merits of the Arbitral Decision, but a procedure which would, if successful, extinguish the Arbitral Decision, including the Costs Order.
 - On October 8, 2024, a three-member panel of arbitrators ("Ad-hoc Committee") was appointed to hear and decide the Annulment Application comprising Prof. Eduardo Zuleta, President, Prof. Lawrence Boo and Prof. Dr. Maxi Scherer.
 - On November 16, 2024, Gabriel submitted a proposal for the disqualification of Prof. Dr. Scherer and the Annulment Proceedings are suspended until a determination is made on the disqualification proposal.
- Liquidity and Financial Performance
 - As at September 30, 2024, the Company held \$0.6 million of cash and cash equivalents (Q2 2024 \$2.5 million).
 - On November 29, 2024, Gabriel announced it has entered into definitive agreements with certain shareholders in connection with short-term unsecured loans to provide an aggregate US\$1.5 million.
 - Gabriel believes that it has sufficient funding necessary to cover its planned activities through to the end of January 2025 and will need to secure additional financing during January 2025 to fund the Annulment Proceedings and its working capital requirements.
 - The net loss for the third quarter of 2024 was \$2.6 million (Q2 2024 \$3.2 million).
- The Company held its AGM on October 23, 2024, and all resolutions were adopted including re-electing Anna El-Erian, Jeffrey Couch, Dag Cramer, Ali Erfan, James Lieber and Dragos Tanase as directors of the Company.

Further information and commentary on the results in the third quarter of 2024 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q3 2024 and related Management's Discussion & Analysis on SEDAR+ and each is available for review on the Company's

website at www.gabrielresources.com.

For information on this press release, please contact:

Dragos Tanase	Richard Brown
President & CEO	Chief Financial Officer
dt@gabrielresources.com	richard.brown@gabrielresources.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Further Information

Status of the ICSID Arbitration

The ICSID Arbitration sought compensation for all of the loss and damage suffered by Gabriel and its wholly-owned indirect subsidiary, Gabriel Resources (Jersey) Limited (together "Claimants") resulting from the Romanian State's wrongful conduct in respect of the Ro?ia Montan? gold and silver project, together with the gold, silver and porphyry copper deposits defined in the Bucium concession area ("Projects") and related licenses.

Annulment Application

- The Arbitral Decision is binding on the parties and the amount payable incurs simple interest from the date of the Arbitral Decision at the 3-month US Treasury rate.
- The Company previously announced that it strongly disagrees with the Arbitral Decision, which it believes is at odds with the opinion of the dissenting arbitrator and inconsistent with any objective assessment of the evidence presented.
- Accordingly, on July 5, 2024, the Claimants filed with the Annulment Application which sets out the grounds under Article 52 of the ICSID Convention that warrant the annulment of the Arbitral Decision.
- There can be no assurances that any annulment process pursuant to the ICSID Convention will result in a positive outcome for the Company or advance in a customary or predictable manner or be completed or settled within any specific or reasonable period of time.

'Stay' of Enforcement of Costs Order

- The Annulment Application, in accordance with Article 52(5) of the ICSID Convention, also requests a stay of enforcement of the Costs Order pending a decision thereon by the Ad-Hoc Committee following its appointment and due consideration of the matter.
- On July 12, 2024, the Acting Secretary-General of ICSID registered the Annulment Application and notified the parties of the provisional stay of enforcement of the Costs Order.
- On October 9, 2024, the Claimants filed a request to continue the Stay of Enforcement until the decision in the Annulment Proceedings is rendered by the Ad-hoc Committee. On November 1, 2024, Romania filed its observations thereon with ICSID and the Claimants' filed their reply to Romania's observations on November 11, 2024.

Liquidity

- Cash and cash equivalents at September 30, 2024 were \$0.6 million.
- The Company's average monthly cash usage during Q3 2024 was \$0.7 million (Q2 2024: \$1.4 million), primarily reflecting the reduced level of ongoing operational spend together with limited ICSID Arbitration-related activity quarter on quarter following the Arbitral Decision in late Q1 2024.
- At September 30, 2024, accruals for costs in respect of ICSID Arbitration-related matters amounted to \$4.6 million (Q2 2024: \$5.0 million), the difference reflecting payment of certain costs and very limited activity post Arbitral Decision, with the continuation of a fee agreement in respect of the deferral of payment of certain ICSID Arbitration costs incurred before the Arbitral Decision.

Capital Resources

Loan Agreements

- On November 29, 2024, Gabriel announced it has entered into definitive agreements with certain shareholders in connection with short-term unsecured loans to provide an aggregate US\$1.5 million of funding ("Loans") as a pre-cursor to a future financing from which proceeds the Loans would be repaid.
- The Company required an immediate infusion of short-term working capital to sustain its participation in the Annulment Proceedings and to fund its immediate operations.
- The Company believes that the Loans are fundamental to its ability to complete a further funding round through a proposed private placement of securities (the "Proposed Financing") in the near future, the terms of which are under consideration and, if implemented, will be subject to the approval of the Exchange and receipt of all necessary corporate and regulatory approvals.
- The Loans will be unsecured but rank senior to any unsecured indebtedness of the Company, will bear interest at a rate of 12% per annum and will mature on the earlier of: (i) the first anniversary of the date of the Loans; (ii) the date which is five business days following the completion of the Proposed Financing; or (iii) upon the occurrence of an Event of Default (as such term is defined in the Loan agreements, including a failure to complete a US\$3 million fundraising by March 31, 2025). It is anticipated that the Loans will be repaid from the proceeds of the Proposed Financing

Future Financing Requirements

- Gabriel continues to manage its cash resources and its current and future financial obligations carefully and will use the proceeds from the Loans to fund the ongoing costs of the Annulment Proceedings and for general working capital requirements.
- Excluding the Costs Order and amounts set aside for Annulment related legal fees, on the basis of the Company's balance of cash and cash equivalents as at September 30, 2024, and taking into account (i) proceeds of the Loans; (ii) a fee agreement in respect of the deferral of payment of certain ICSID Arbitration costs; and (iii) the continued deferral of a portion of salary and fees for certain employees and directors, the Company believes that it has sufficient cash necessary to fund general working capital requirements together with other material estimated costs associated with the Company advancing the Annulment Proceedings through to the end of January 2025.
- Accordingly, Gabriel will need to secure further funding during January 2025 in order to pursue the Annulment Proceedings and for general working capital purposes, including preserve its remaining assets, rights and permits.
- The adverse Arbitral Decision, combined with Romania's June 2024 decision not to extend the License, have significantly increased the uncertainty surrounding the Company's ability to secure funding, and have made more onerous the terms of such funding for both the Annulment Proceedings and the continuation of Gabriel's significantly curtailed operations

- Notwithstanding the Company's recent and historic funding, there can be no assurance that additional financing will be available to the Company at any time or, if available, that it can be obtained on terms and timing satisfactory to the needs of the Company.
- These events and conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Mineral Tenure Rights

- In March 2024, RMGC submitted its application for extension of the term of the License for an additional five years, as provided by Romanian law ("License Extension Application") to the Romanian National Agency for Mineral Resources ("NAMR"), together with the requisite supporting documentation. The term of the License, as currently extended, was due to expire on June 20, 2024.
- On June 20, 2024, RMGC was notified that the NAMR had rejected its License Extension Application ("NAMR Decision").
- The Company strongly believes that the NAMR Decision constitutes a flagrant disregard for the rule of law and established investment rights and is a politically motivated decision to deny RMGC's rights to develop the Roşia Montană Project arbitrarily, without due process, and without compensation.
- On July 22, 2024, RMGC formally challenged the NAMR Decision by filing an administrative complaint with both NAMR and the Romanian Government. On August 22, 2024, NAMR, now rebranded as the National Regulatory Authority for Mining, Petroleum and Geological Storage of Carbon Dioxide, issued a decision rejecting the complaint as unfounded.
- The Company intends to explore all available legal options, including the filing of a claim in the Romanian courts to seek the annulment of the NAMR Decision.

Financial Performance

- Operating loss for the three-month period ended September 30, 2024, of \$2.4 million was \$1.0 million lower than the corresponding period in 2023, primarily reflecting \$1.0 million lower corporate general and administrative expenses and \$0.3 million lower share-based compensation charge, offset by \$0.2 million accrual for interest on the Costs Order.
- The overall loss for the three-month period ended September 30, 2024, was \$2.7 million, the main addition to operational loss being a foreign exchange loss of \$0.3 million. The overall loss was \$3.4 million in the corresponding period in 2023

About Gabriel

Gabriel is a Canadian resource company listed on the TSX Venture Exchange. The Company's principal business has been the exploration and development of the Roşia Montană gold and silver project in Romania, one of the largest undeveloped gold deposits in Europe. Upon obtaining the License in June 1999, the Group focused substantially all of their management and financial resources on the exploration, feasibility and subsequent development of the Roşia Montană Project. An extension of the exploitation license for the Roşia Montană Project (held by Roşia Montană Gold Corporation S.A., a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roşia Montană S.A., a Romanian state-owned mining company) was rejected by the competent authority in late June 2024.

Forward-looking Statements

This press release contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this press release, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: the ICSID Arbitration, actions by the Romanian Government, conditions or events impacting the Company's ability to fund its operations (including but not limited to the completion of further funding noted above) or service its debt, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below, that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "is of the view", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- the duration, costs, process and outcome of the ICSID annulment proceedings;
- access to additional funding to support the Group's strategic objectives;
- the impact on the Company's financial condition and operations of the rejection of the extension of the Rosia Montana exploitation license and/or any actions taken by Romania to enforce the ICSID costs order;
- the impact on financial condition, business strategy and its implementation in Romania of: any allegations of historic acts of corruption, uncertain fiscal investigations, uncertain legal enforcement both for and against the Group, unpredictable regulatory or agency actions and political and social instability;
- changes in the Group's liquidity and capital resources;
- equity dilution resulting from the conversion or exercise of new or existing securities in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the Exchange or any regulated public market for trading securities;
- Romania's actions following inscription of the "Ro?ia Montan? Mining Landscape" as a UNESCO World Heritage site;
- regulatory, political and economic risks associated with operating in a foreign jurisdiction including changes in laws, governments and legal and fiscal regimes;
- global economic and financial market conditions, including inflation risk;
- the geo-political situation and the resulting economic developments arising from the unfolding conflict and humanitarian crisis as a consequence of conflicts such as the Russia-Ukraine war;
- volatility of currency exchange rates; and
- the availability and continued participation in operational or other matters pertaining to the Group of certain key employees and consultants.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this press release that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies which can be viewed online at www.sedarplus.ca.

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