

Gabriel Resources Ltd. 2021 First Quarter Results

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LONDON, May 27, 2021 - [Gabriel Resources Ltd.](#) (TSXV:GBU) ("Gabriel" or the "Company") announces the publication of its First Quarter Financial statements and Management's Discussion and Analysis Report for the period ended March 31, 2021.

Summary

- Gabriel remains focused on the progression of its arbitration case brought by the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd., (together "Claimants") against the Romanian State ("Respondent") under the rules of the International Centre for Settlement of Investment Disputes ("ICSID"), part of the World Bank ("ICSID Arbitration"):
 - Following the second oral hearing on the merits of the claim held in Q4 2020 ("Second Hearing"), the presiding tribunal ("Tribunal") invited the Claimants and Respondent to make further written submissions ("Post-Hearing Briefs").
 - On February 18, 2021 and April 23, 2021 the Claimants and Respondent each filed simultaneous Post-Hearing Briefs in order to comment in conclusion on the evidentiary record, the final substantive submissions by the parties in the ICSID Arbitration.
 - In the absence of any further questions from the Tribunal or other procedural interventions, it is anticipated that the Tribunal will now focus on its deliberations ahead of a final decision ("Award"), which typically could require twelve to eighteen months to finalize after the Post-Hearing Briefs submission.
- The net loss for the first quarter of 2021 was \$8.6 million (Q4 2020 \$7.4 million).
- As at March 31, 2021, the Company held \$2.5 million of cash and cash equivalents (Q4 2020 \$6.4 million).
- On May 27, 2021, the Company announced a non-brokered private placement (the "2021 Private Placement") of up to 30,444,800 common shares of the Company ("Common Shares") at a price of \$0.245 each for gross proceeds of up to US\$6.0 million (approximately \$7.5 million). Assuming closing of the 2021 Private Placement, the Company believes it will have sufficient funding necessary to cover its planned activities through to January 2022 and will need to raise additional financing in the medium-term.
- Gabriel also announced on May 27, 2021 that it had issued notice of its intention to repay all of the \$90,862,000 principal amount of the convertible notes ("Notes") outstanding at maturity on June 30, 2021 by issuing Common Shares to the noteholders.
- Ms. Anna El-Erian, Mr. James Lieber and Mr. Jeffrey Couch were elected as non-executive directors of the Company with effect from January 21, 2021.
- The Company has set August 3, 2021 as the date for its next annual general meeting of shareholders of ("AGM") and will file a notice of meeting and record date and its management information circular in due course

Dragos Tanase, Gabriel's President and Chief Executive Officer, stated:

"The submission of the Post-Hearing Briefs represents another important milestone in our ICSID Arbitration claim and marks the closing phase of a six-year effort by the Company's personnel, counsel and technical,

legal and financial experts to present Gabriel's claim against Romania. Subject to any further requests of the Tribunal, we now look forward to receiving a final decision from the Tribunal in due course. In the meantime, the Board will continue to assess the strategic path forward for Gabriel."

Throughout the ICSID Arbitration process, we have appreciated the patience and continued support of our shareholders and the raising of additional funds will allow the Company to further advance its core strategic objectives, including optimizing the chances of success in the ICSID Arbitration."

Further information and commentary on the results in the first quarter of 2021 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q1 2021 and related Management's Discussion & Analysis on SEDAR at www.sedar.com and each is available for review on the Company's website at www.gabrielresources.com.

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Further Information

Impact of Coronavirus

- With respect to the outbreak of the novel coronavirus (COVID-19), Gabriel continues to consider carefully its impact, noting the widespread disruption to normal activities and the uncertainty over the duration of this disruption. The highest priority of the Board of Directors and Management is the health, safety and welfare of the Group's employees and contractors. Gabriel recognizes that the situation is extremely fluid and is monitoring the relevant recommendations and restrictions on work practices and travel. At this time, these recommendations and restrictions do not significantly impact Gabriel's ability to continue the ICSID Arbitration process or conduct the limited operations in Romania, nor has there been a significant impact on the Group's results or operations to date.
- The Group will continue to seek new investment and is also looking to sell its long lead-time equipment. The market and timing for each initiative may be adversely affected by the effects of COVID-19. As a result, Gabriel will react to circumstances as they arise and will make any necessary adjustments to the work processes required, including to maintain the ICSID Arbitration calendar. Should any material disruption from COVID-19 affect the Group for an extended duration, Gabriel will review certain planned activities in Romania and take remedial actions if it is determined to be necessary or prudent to do so.

Status of the ICSID Arbitration

- The ICSID Arbitration seeks compensation for all of the loss and damage suffered by the Claimants, resulting from the Respondent's wrongful conduct and its breaches of the protections afforded by certain treaties for the promotion and protection of foreign investment to which Romania is a party, including against expropriation, unfair and inequitable treatment, discrimination and other unlawful treatment in respect of the Projects and related licenses.

- The Second Hearing on the merits of the claim was held virtually from September 28 to October 4, 2020 and focused on the technical and feasibility-related aspects of the Roşia Montan? gold and silver project, together with the gold, silver and porphyry copper deposits defined in the Bucium concession area ("Projects"), and the quantum of the damages claimed, including testimony from certain of the parties' fact and expert witnesses.
- Subsequent to the Second Hearing the Tribunal invited the parties to make two further simultaneous written submissions in order to comment in conclusion on the full evidentiary record. The Post-Hearing Briefs were filed on February 18, 2021 and April 23, 2021, which mark the final substantive submissions after which the Tribunal may pose further questions, or focus on its deliberations ahead of an Award.
- There is no specified timeframe in the ICSID Rules in which an Award is to be made by the Tribunal. The Company is informed that it is typical for tribunals in this type of arbitration to require twelve to eighteen months to finalize and issue a decision after Post-Hearing Briefs are submitted. However, there can be no assurances that the ICSID Arbitration will advance in a customary or predictable manner or be completed or settled within any specific or reasonable period of time.

Board Changes

- On January 21, 2021 Gabriel announced the appointment to the Board of Mr. Jeffrey Couch, Ms. Anna El-Erian and Mr. James Lieber as independent non-executive directors, effective immediately. Following these appointments, the Board is composed of seven members, of which three are independent directors. Ms. El-Erian has been appointed Chair of the Board and Chair of the Corporate Governance and Nominating Committee. Mr. Couch has been appointed Chair of the Audit Committee and Chair of the Compensation Committee.

UNESCO World Heritage

- As previously disclosed, Gabriel understands that Romania's nomination of the 'Roşia Montan? Mining Landscape' as a UNESCO World Heritage site will be considered by UNESCO at the deferred 44th session of the World Heritage Committee. This meeting is now scheduled to be held in a virtual online format from Fuzhou, China between July 16 and July 31, 2021.
- The act of applying to UNESCO for such designation is wholly incompatible with development of the Project and is an undertaking by Romania to stop development of the subject area and preclude mining.
- In early 2020 Gabriel provided notice to Romania of a dispute with regard to Romania's application to UNESCO and has reserved its right to commence a further arbitration if warranted accordingly (the "Notice").
- In the Notice, Gabriel confirmed that it is prepared to cooperate in good faith at a senior level with the Romanian Government and other authorities in a process of consultation with regard to the UNESCO application. Gabriel is hopeful that Romania will engage constructively and that it will withdraw its application, however, Romania has yet to respond officially to the Notice.
- The issuance of the Notice does not in any way interfere with Gabriel's pursuit of the ICSID Arbitration.

Financial Performance

- The net loss for the first quarter of 2021 was \$8.6 million, an increase of \$1.9 million from a loss of \$6.8 million in the corresponding period in 2020, primarily reflecting a \$1.4 million foreign exchange gain in 2020 not repeated in 2021 and \$0.2 million higher finance costs incurred in the first quarter of 2021 in respect of the convertible debt components of private placements completed in 2014 and 2016.
- Operating loss for the first quarter was \$6.0 million, some \$0.2 million higher than the corresponding period in 2020, arising from \$1.3 million higher costs related to the ongoing ICSID Arbitration, reflecting preparation of the Post-Hearing Briefs, offset by \$0.2 million of lower costs related to payroll, and \$0.9 million lower share-based payments.

Liquidity

- Cash and cash equivalents at March 31, 2021 were \$2.5 million.
- The Company's average monthly cash usage during Q1 2021 was \$ 1.3 million (Q4 2020: \$2.5 million), the decrease primarily reflecting the reduction in payments related to ICSID Arbitration costs compared to the prior quarter where significant costs had accrued for payment following the Second Hearing.
- At March 31, 2021, accruals for costs in respect of the ICSID Arbitration amounted to \$3.0 million (Q4 2020: \$1.5 million), the significant increase arising due to a focus on Post-Hearing Briefs in the period and the inception of a fee agreement in respect of the deferred payment of certain ICSID Arbitration costs until an Award is issued.

Financing

- On May 27, 2021, the Company announced a non-brokered private placement (the "2021 Private Placement") of up to 30,444,800 Common Shares at a price of \$0.245 each for gross proceeds of up to US\$6.0 million (approximately \$7.5 million). Subject to the approval of the TSX Venture Exchange and the receipt of all other applicable approvals, the Company hopes to close the 2021 Private Placement on or about June 10, 2021.
- The Company intends to use the proceeds from the 2021 Private Placement to finance the ongoing costs of the ICSID Arbitration and for general working capital requirements.

Repayment of Convertible Notes

- The Notes in issue are convertible, at the option of the holders ("Noteholders"), into Common Shares at a price of \$0.3105 per share ("Conversion Price"). The outstanding principal amount of the Notes and accrued interest is repayable by the Company at maturity on June 30, 2021. As noted above, the Company has announced that it has given requisite notice to the Noteholders and the trustee of its intention to repay all of the principal amount of Notes outstanding at maturity by issuing Common Shares ("Common Share Repayment Right").
- The number of Common Shares to be issued to each Noteholder pursuant to the Common Share Repayment Right will be calculated at a price equal to 95% of the volume weighted average trading price of a Common Share over a 20 trading day period to June 23, 2021 ("Note Repayment Price"). Gabriel cannot predict or control whether the Note Repayment Price will be higher or lower than the Conversion Price of \$0.3105. If the outstanding Notes were converted prior to or at maturity by the Noteholders at the Conversion Price, an aggregate of 292.6m Common Shares would be required to be issued by the Company. If the Note Repayment Price is lower than the Conversion Price, then substantially more Common Shares may be required to be issued to the Noteholders.

Capital Resources

- On closing of the 2021 Private Placement, the Company believes that it will have sufficient sources of funding to enable the Group to maintain its primary assets, including the exploitation license for the Ro?ia Montan? Project ("License") and associated rights and permits, and to fund general working capital requirements together with the material estimated costs associated with the Company advancing the ICSID Arbitration through to January 2022.
- The Group will seek additional funding to maintain its primary assets while it awaits the Award of the Tribunal. The Company does not have sufficient cash to fund either the development of the Project or all the long-term activities related to the ICSID Arbitration, including as appropriate any costs of potential annulment proceedings and/or enforcement of any Award. Accordingly, Gabriel will need to raise additional funding for general working capital purposes and to pursue the ICSID Arbitration to its conclusion.
- Notwithstanding the Company's recent and historic funding, there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all.

Annual General Meeting

- The Company intends to hold its AGM on August 3, 2021. It is hoped that the public health measures and restrictions on gatherings enacted in response to the COVID-19 pandemic may have been relaxed by that date to enable attendance by shareholders and a decision will be taken by the Company nearer the time on the format of the meeting, in the interests of protecting the health and well-being of its shareholders, colleagues, communities and other stakeholders. In due course, the Company will file a notice of meeting and record date and its management information circular under its profile on SEDAR at www.sedar.com.

About Gabriel

Gabriel is a Canadian resource company listed on the TSX Venture Exchange. The Company's principal business had been the exploration and development of the Roşia Montană gold and silver project in Romania. The Roşia Montană Project, one of the largest undeveloped gold deposits in Europe, is situated in the South Apuseni Mountains of Transylvania, Romania, an historic and prolific mining district that since pre-Roman times has been mined intermittently for over 2,000 years. The exploitation license for the Roşia Montană Project is 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.

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. Despite the Company's fulfilment of its legal obligations and its development of the Roşia Montană Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has unlawfully blocked and prevented implementation of the Roşia Montană Project without due process and without compensation. Accordingly, the Company's current core focus is the ICSID Arbitration. For more information please visit the Company's website at www.gabrielresources.com.

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 outbreak of the coronavirus (COVID-19) may affect the Company's operations and/or the anticipated timeline for the ICSID Arbitration;
- the duration, costs, process and outcome of the ICSID Arbitration;
- the advancement of Romania's nomination of the "Roşia Montan Mining Landscape" as a UNESCO World Heritage site;
- changes in the liquidity and capital resources of Gabriel, and/or the group of companies of which it is directly or indirectly parent;
- access to funding to support the Group's continued ICSID Arbitration and/or operating activities in the future;
- 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 TSX Venture Exchange or any regulated public market for trading securities;
- the impact on 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 and political and social instability;
- regulatory, political and economic risks associated with operating in a foreign jurisdiction including changes in laws, governments and legal regimes and interpretation of existing and future fiscal and other legislation;
- global economic and financial market conditions;
- 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.sedar.com.

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