

Dodgy Deal: Rosia Montana gold mine Romania



update

This dodgy deal is no longer being updated

banktrack contact

Description

Canadian mining junior Gabriel Resources wishes to develop Europe's largest open-cast cyanide-leach gold mine at Rosia Montana. If ever developed, the mine would result in the involuntary resettlement of over 2000 people; their homes, lands, churches, cemeteries etc. The proposal also foresees the destruction of unique archaeological vestiges dating from Roman and pre-Roman times. At full production, the mine will evacuate 500,000 tons of rock per week and use between 13-15 million kilograms of cyanide per year.

brief history

In early September 2007, Romania's Ministry for the Environment and Sustainable Development (MESD) suspended the Environmental Impact Assessment procedure for an undetermined period, following a successful legal challenge filed by Romanian NGO *Alburnus Maior*. Gabriel Resources filed a lawsuit against the MESD to reverse the ministry's decision, which is still ongoing. All other required permits and approvals for the company's operation are suspended as long as the EIA procedure is put on hold.

Romanian NGOs have initiated a multitude of legal challenges to permits, authorizations and approvals for any aspect of the exploration and development of the project; the company has already lost a number of court cases.

In 2008, Gabriel Resources restarted financing talks ahead of an election in Romania (November 2008) that the company hopes may lead to a new government more apt to let the mine be built (*Bloomberg*, 9 September 2008).

what must happen

Banks should not provide project financing for Gabriel Resources' Rosia Montana development as long as the social and environmental problems are not adequately solved.

Social impact

Rosia Montana is declared a historic monument of national interest due to the archaeological vestiges left behind by Romans roughly 2000 years ago, and the majority of these would be destroyed by Gabriel's project. The mining operations would also provoke the destruction of several churches and cemeteries which is unacceptable to many Romanians; including the Orthodox Church and the Historic Hungarian Churches; who officially declared their refusal to relinquish their church properties at Rosia Montana.

Strong local opposition to Gabriel Resources Rosa Montana gold mining project emerged almost immediately at the project's outset. 'Alburnus Maior' a local community group taking its name from the Roman name of the settlement, consists of local property owners who refuse to be resettled and who oppose Gabriel's development of social, environmental, economic and cultural grounds. Gabriel has been resettling local population since May 2002, prior to the development of an Environmental Impact Assessment (EIA) report. The 'Save Rosia Montana' is Romania's largest civil society movement and is centred around the local opposition. Furthermore, the government of neighbouring Hungary continues to disagree with the project.

Environment

The gold/silver deposit is situated in and around the inhabited valley of Rosia Montana. The adjacent equally inhabited valley of Corna is to become the tailings pond facility; holding 195 million tones of cyanide-laced heavy metal tailings.

Other issues

In December 2004 Gabriel submitted the request of obtain environmental approval. The subsequent consultation process triggered over 21000 individual contestations against the proposal submitted by locals, Romanians, Hungarians, etc. Independent expert assessments of the EIA report including from the Hungarian Government concluded that there are major deficiencies and false conclusions at its base. This was reconfirmed when authors of the report requested to be removed as authors; stating that the published version bears no relationship with the report submitted. According to Dr. Robert Moran who assessed mining and water related aspects of the EIA report for Alburnus Maior, "the main problem with the EIA report for the Rosia Montana mine proposal is its lack of credibility. Much of its scientific base is junk science."

What must happen

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Updates

Feb 17, 2010

In December 2009 President Basescu was re-elected as the country's president. Although he promised during his electoral campaign not to submit the Rosia Montana mine to a political decision, his minister for Commerce and Economy declared a few days after the election that the government wants to see the Rosia Montana go ahead in order to take the country out of the current economic crisis.

Civil society organisations reacted to this and since then the minister for the Environment has declared that the EIA procedure which has been suspended since 2007 will remain suspended.

In the meantime Gabriel Resources launched a massive publicity campaign to turn around public opinion which has been strongly against the mine. It is rumored that Gabriel has closed the largest publicity contract ever in modern-day Romania. As a consequence hardly any media channels are featuring our news and instead glorify the mine.

financial institutions involved

banks

BMO Financial Group

CIBC -

Royal Bank of Canada -

- Issuing of shares: (August 2006 and March 2007)

TD bank Financial Group

investment funds

Merrill Lynch

- Issuing of shares: (March 2007)

In August 2006 Gabriel Resources issued 31 million shares in Canada, raising C\$ 97.8 million. The underwriting syndicate was arranged by Royal Bank of Canada.

In March 2007 Gabriel Resources issued 35 million shares in Canada, raising C\$ 156.3 million. The underwriting syndicate was arranged by Royal Bank of Canada and another securities firm. Among the banks participating in the syndicate was Merrill Lynch.

companies

Gabriel Resources

Minvest S.A. Deva

Rosia Montana Gold Corporation (RMGC)