



When mining investors think of Romania, they think of the Canadian company Gabriel Resources and the Rosia Montana debacle. Their plan for the massive open-pit mining project would require the destruction of three villages and four mountaintops. Opposition to the mine stemmed from a variety of reasons: some residents refused to leave their homes for the mine to be built, and the plans for the project included the use of cyanide heap-leaching. Romanians are especially wary of cyanide because of a cyanide spill in the year 2000, which ended up flowing into the Danube and affecting Hungarians' drinking water supply. It has been called the worst environmental disaster in Europe since Chernobyl. Carpathian Gold has a massive amount of gold and copper in three neighboring deposits in the Carpathian Mountains in Romania. These deposits, collectively referred to as the Rovina project, contain an estimated 7.5M ounces of gold and 1.5B pounds of copper. The grades of the deposits are not particularly high, so the economic feasibility of extracting these resources is questionable at today's metal prices, but should be very attractive if metal prices rise significantly. If the company can get through the restructuring unscathed, and be careful not to run out of money, then this company should trade like a gold option, with massive upside potential if metal prices rise or a takeover happens. Shares are not very liquid on the OTC market, but hundred of thousands of shares regularly change hands on the Canadian Securities Exchange under CPN.

A mass protest took place all across Romania in 2013, the largest since the fall of Communism, which basically caused the Romanian government to suspend development on the project indefinitely. Gabriel Resources has filed for international arbitration, citing the bilateral agreement between Romania and Canada. These things take time, however, and we cannot expect a resolution for another few years, so Gabriel Resources looks sunk for now.

Carpathian Gold's Rovina project is situated in the so-called "Golden Quadrilateral," the historic center of Romanian mining, along with Gabriel Resources' Rosia Montana project and Eldorado Gold's (NYSE:[EGO](#)) Certej project. Eldorado is moving their project forward, and they plan to spend about \$20M on it in 2016.

While Carpathian Gold didn't have enough money to move their Rovina project forward, they did manage to get a license from the Romanian government in 2015, the first step in the permitting process, and the company plans to update their 2010 PEA (preliminary economic assessment). This should be a positive update, as it will reflect the increased resource estimate from 2012 and the increased metal prices.

After the sale of its Brazil assets the Carpathian Gold will be a debt free company with \$1M in the bank and their Rovina project in Romania, and they will no longer have any interest in

the mine in Brazil.

Carpathian Gold is getting close to finalizing the Brazil deal that will make them a debt free company with \$1M in the bank and a massive gold/copper project in Romania, a project that will look very attractive to major mining companies when metal prices start to rise decisively. Shareholders will be diluted a bit as Brio Gold purchases \$1M of shares from the company, but I do not believe the dilution will be significant. If all goes well, the company will use that money to finish the permitting process and complete an updated PEA by the end of the year. If they can do this, I believe the company will either be taken over at a significant premium, or find a joint venture partner to develop the project, transmits Serbia-energy.eu