



## PRESS RELEASE

FOR IMMEDIATE RELEASE

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### Abusive Actions of Romanian Fiscal Authorities

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces that its majority-owned subsidiary, Rosia Montana Gold Corporation S.A. (“RMGC”), has received a tax assessment from the Romanian tax authorities, the National Agency for Fiscal Administration (“ANAF”), in respect of value added tax (“VAT”) deductions claimed by RMGC in the period 2011 to 2016 (the “Assessment”). The amount of tax assessed is RON 27m (\$8.6m)<sup>1</sup>. This amount does not include any penalties or fines which the Company understands may also be levied.

The Company contests the conclusions and decision of the tax authorities and believes that the Assessment is fundamentally flawed as it is contrary to well established Romanian fiscal laws as well as European directives. The Assessment has been issued despite its basis being contradictory to the results of 18 prior VAT audits conducted by various divisions of ANAF.

Gabriel and RMGC are now exploring the avenues by which the Assessment can be challenged, suspended, set aside or annulled before any payment is made to ANAF. The Assessment is due for payment on August 5, 2016 although RMGC has until August 21, 2016 to make an administrative appeal to ANAF. RMGC has substantial and well-founded arguments on which to base such an appeal and fully intends to launch an appeal in due course.

The Assessment is the latest example of an increasing number of intrusive, costly and unwarranted investigations into RMGC’s finances which have arisen since Gabriel initiated its arbitration case against Romania before the World Bank’s International Centre for Settlement of Investment Disputes (“ICSID Arbitration”).

Given the wide-ranging extent of the ongoing enquiries undertaken by ANAF, the breadth of documents requested and the years of operation that are subject to review, Gabriel considers that the actions of ANAF further evidence the discriminatory acts and bad faith conduct of the Romanian authorities with regard to Gabriel’s investment in Romania. Furthermore, the scope and findings of the investigations appear to be an abuse of power by the Romanian authorities in an attempt to seek a defense for the ICSID Arbitration.

Gabriel further understands that if the Assessment is not settled within a certain timeframe, the Romanian tax authorities will be at liberty to issue a payment notification, after which RMGC will have a limited period of time to settle the Assessment or potentially face debt recovery actions which could include seizure of assets and/or sale of real property. It is possible that the appeal to the tax authorities and any subsequent challenge to the Assessment in the Romanian courts may not delay the above mentioned procedural steps (i.e. the enforcement of the Assessment and the potential seizure or sale of assets cannot be suspended by any appeal or litigation).

In June 2016 RMGC sent a letter to the Romanian Minister of Finance to protest strongly regarding the timing and extensive scope of these investigations and requested she take steps to ensure that RMGC is treated fairly and fully in accordance with applicable international and national laws in all respects. This letter and request have been ignored with no response to date.

<sup>1</sup> Assumes the June 30, 2016 Bank of Romania exchange rate of RON 3.14 to the \$

Jonathan Henry, Gabriel's President and Chief Executive Officer, stated:

"The Company believes that the VAT assessment received by RMGC from the Romanian tax authorities is illegal, retaliatory, and without merit. RMGC intends to appeal the claim and if necessary challenge the claim through the Romanian legal system; Gabriel will assist internationally as appropriate.

The Company has tried in good faith over many years to develop a world class, sustainable mining project at Rosia Montana where the largest beneficiary would be the Romanian State and its people. However the Romanian State is now choosing to wholly disregard its responsibilities towards Gabriel and the community of Rosia Montana, not least through acts of bad faith such as these intrusive activities which have been stepped up since Gabriel has refocused its activities towards advancement of the ICSID Arbitration and completion of financing arrangements to fully fund these activities for the foreseeable future."

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## About Gabriel

Gabriel is a Toronto Stock Exchange listed Canadian resource company. The Company's principal focus has been the exploration and development of the Roşia Montană gold and silver project in Romania. The 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 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. It is anticipated that the Project would bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP and generate thousands of employment opportunities.

Since the grant of the License in June 1999, the Company has focused substantially all of its management and financial resources on the exploration, feasibility and subsequent development of the Project. Despite the Company's fulfilment of its legal obligations and its development of the Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Project without due process and without compensation.

For more information please visit the Company's website at [www.gabrielresources.com](http://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 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", "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, required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- changes in the liquidity and capital resources of Gabriel, and the group of companies of which it is parent ("Gabriel Group");
- access to funding to support the Gabriel Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of existing securities in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the Toronto Stock Exchange or any regulated public market for trading securities;
- the impact on business strategy and its implementation in Romania of: unforeseen historic acts of corruption, uncertain legal enforcement both for and against the Gabriel 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;
- volatility of currency exchange rates, metal prices and metal production;
- the availability and continued participation in operational or other matters pertaining to the Gabriel Group of certain key employees and consultants; and
- risks normally incident to the exploration, development and operation of mining properties.

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 report 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 including Gabriel's Annual Information Form for the year ended December 31, 2015, which can be viewed online at [www.sedar.com](http://www.sedar.com).

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