



## PRESS RELEASE

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### Third Quarter Report

Gabriel Resources Ltd. ("Gabriel" or the "Company") announces the publication of its Third Quarter Financial Statements and Management's Discussion and Analysis Report for the period ended September 30, 2014.

#### Summary

*Capitalized terms used in this summary section are defined in "Further Information" below.*

- A further TAC meeting was held in July 2014, however no conclusions have since been forthcoming on next steps for the TAC to recommend a position to the Government on the environmental assessment of the Project.
- In 2014 political activities in Romania have focused on the European Parliamentary elections held in May and, in recent months, campaigning in the November 2014 Presidential election. Consequently, Governmental decision-making for major domestic strategic objectives in Romania, including the Project, has stalled.
- Following a first round of voting on November 2, 2014, a run-off in the Presidential election between the current socialist Prime Minister, Victor Ponta, and one of the centre right candidates, Klaus Iohannis, is scheduled for November 16, 2014.
- Any significant decisions towards approval of the environmental impact assessment and issuance of an environmental permit for the Project are likely to be deferred until 2015 after the investiture of the new President, slated for December 22, 2014, and any resulting political changes are completed.
- The outlook for the Project remains dependent on a constructive and transparent dialogue with the Government and the TAC regarding the completion of various permitting processes of the Project and is therefore uncertain at this time.
- \$52.6 million of cash and cash equivalents were held as at September 30, 2014.

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

"The success of the Roșia Montană project would allow Romania to become the leading gold producer in Europe. We remain hopeful that 2015 will see the Romanian Government place a strong emphasis on the development of its mineral resource industry to provide much needed jobs for Romanians and to kick start an economic revival for the country. The Company remains fully committed to constructing and operating a mine at Roșia Montană but until political will is demonstrably behind the development of a mine, the Company will continue to review all of its available options to move the Project forward."

**Further information and commentary on the operations and results in the third quarter of 2014, together with events anticipated in the short term, is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements and Management's Discussion & Analysis on SEDAR at [www.sedar.com](http://www.sedar.com) and each is available for review on the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).**

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## Further Information

### Financial Performance

- The net loss for the third quarter of 2014 was \$2.0 million.

### Liquidity and Capital Resources

- In 2014 the Company has continued with its underlying cost containment to preserve capital until such time as the Government of Romania ("Government") moves ahead with permitting the Roşia Montană gold and silver project (the "Project"). This has included the difficult decision to terminate approximately eighty per cent of the employment contracts at Roşia Montană Gold Corporation ("RMGC"), effective Q2 2014. There are total severance obligations of approximately \$2.9 million, of which approximately fifty per cent was paid in Q2 2014 with the remainder payable in Q4 2014.
- Excluding the impact of tax refunds (Q3 2013: \$4.0 million) and realized foreign exchange translation differences, the Company's average monthly net cash usage during Q3 2014 was \$1.7 million (Q2 2014: \$2.0 million excluding RMGC severance payments, 2013: full year average \$3.9 million, 2012: full year average \$4.9 million).
- Cash and cash equivalents at September 30, 2014 amounted to \$52.6 million.

### Capital Cost

- Including interest, financing and corporate costs, the Company estimates the capital required to bring the Project into production and to a position of positive cash flow is approximately US\$1.5 billion.

### Political Environment

- For the majority of 2014 political activities in Romania have focused on winning party political representation in the European Parliamentary elections and campaigning in the election of a new President. Amongst other matters, this election focus has been a major factor that has contributed to a lack of progress and Governmental decision-taking for major domestic strategic objectives in Romania, including the Project.

#### *European Parliamentary elections*

- The outcome of the European Parliamentary elections was favorable for the Social Democrat party ("PSD"), being the party of Prime Minister Victor Ponta. The National Liberal party ("PNL") fared less well, ultimately followed by the resignation of its leader, Crin Antonescu, and the announcement of a PNL alliance with the Liberal Democrat party ("PDL") for the Presidential election (to be followed by a full merger of those centre-right parties effective January 2017). Mr Klaus Iohannis is the new leader of the Christian-Liberal alliance, referred to as 'ACL', and he is its chosen Presidential candidate.

### *Presidential election*

- The President of Romania is elected for a 5-year term and the incumbent, Mr Basescu, cannot stand again as he is completing his second term.
- There were fourteen candidates for the first round voting in the Presidential election, which took place on November 2, 2014. As no single candidate obtained a majority of 50% +1 of the eligible votes, a second round run-off is to be held between the top two candidates, Mr Ponta and Mr Iohannis, with voting scheduled for November 16, 2014.
- The Company has previously indicated that any key decisions in respect of permitting of the Project are unlikely until the outcome of the Presidential election and the resulting political changes are completed. These changes would include a new Prime Minister, should Mr Ponta be successful in his Presidential campaign, along with possible changes to key ministerial positions within the Government. The new President will take office on December 22, 2014. The process for the potential appointment of a new Prime Minister thereafter is nomination by the President followed by Parliamentary ratification, which could lead to uncertainty until early 2015 in respect of the potential for any change in key ministerial positions which directly affect decision-making on the Project.

### *Other Political influences on permitting progress for the Project*

- In late 2013, the Romanian Parliament established a Special Joint Committee of the Senate and of the Chamber of Deputies ("Special Committee") which, on November 11, 2013, published its report (the "Report") and voted in favor of a recommendation for the rejection of a draft law "on certain measures related to the exploitation of the gold-silver deposits from Roșia Montană and stimulation and facilitation of mining development in Romania" ("Special Draft Law"). On November 19, 2013 the Senate rejected the Special Draft Law and, on June 3, 2014, the Chamber of Deputies voted in line with the Senate. Therefore the Special Draft Law has now been definitively rejected by Parliament.
- The Report did not propose acceptance or rejection of the Project by the Parliament, albeit numerous and wide-ranging conclusions and recommendations were noted in the Report, including that a general legislative framework be drafted for the mining industry and gold and silver mining projects as a whole; such a framework has yet to be adopted by Parliament. As previously reported, a number of the recommendations which were presented by the Special Committee have already been addressed extensively by the competent authorities or institutions charged with assessing the Project.

### **Environmental Permit**

- Government approval of the environmental permit for the Project ("EP") is pivotal to the future construction and operational permitting progress of the Project. A key factor in the Government decision is the recommendation of the Technical Assessment Committee ("TAC") of the Ministry of Environment and Climate Change ("MoE"), originally charged with the detailed assessment of the environmental impact assessment ("EIA") and compliance of the Project.
- On July 24, 2014 a further TAC meeting was held. The principal agenda item was to discuss the MoE's proposed requirement for, and the related scope of, a further study on the permeability of the Project's tailings management facility, as recommended in the Report. The meeting finished without conclusion and the TAC members were tasked to consider further their respective positions on the need for, and scope of, such a study. Amongst other matters, RMGC has submitted that such environmental issues had been extensively considered and concluded upon at prior TAC meetings, that a supplementary study is not necessary, and that the proposed initiation of a further study by the MoE would contravene the environmental impact assessment procedure as regulated by law.
- In light of the continued political uncertainty as described above, together with a lack of transparency on next steps with the TAC, the outlook regarding approval of the EP is uncertain at this time. As a result, the Company remains unable to provide guidance on the timeframes to a final recommendation on environmental permitting of the Project from the TAC or the MoE or approval of the EP from the Government. The Company remains confident that it will comply with, and in some aspects exceed, its obligations under EU and Romanian laws for environmental protection and guarantees.

## Other Permitting

- As previously reported by the Company, an amended zonal urbanism plan for the industrial development area of the Project was initiated in 2010 (“Industrial Area PUZ”) and it is currently proposed that, subject to the receipt of the relevant approvals, it will replace the existing industrial zonal urbanism plan approved for the footprint of the proposed mine at Roşia Montană.
- There was limited progress in 2013 and 2014 to date in obtaining the required endorsements for the Industrial Area PUZ. As at September 30, 2014, RMGC had 18 valid endorsements out of the total number of 23 necessary for the approval of such PUZ, with one further endorsement, previously cancelled by court order, as described further below, subject to appeal. Additionally, an endorsement expired in October 2014 (taking the total of valid endorsements down to 17) and the Company has submitted the application for its renewal. After obtaining all the necessary endorsements, the final approval for the Industrial Area PUZ will be required to be given by the local councils of Roşia Montană, Abrud and Bucium.
- In 2009, the local council of Roşia Montană initiated the process for the zonal urbanism plan for the Roşia Montană historical protected area (“Historical Area PUZ”) and, as at September 30, 2014, 10 out of the total of 13 endorsements necessary for its final approval had been obtained. Similar to the Industrial Area PUZ, one of the 10 endorsements expired in October 2014 and an application for its renewal has been submitted to the relevant authority.
- The final approval of the PUZs follows after a series of endorsements and approvals from various authorities. There can be no assurance that the outstanding endorsements will be obtained in a timely fashion, that additional endorsements and approvals will not be required or that existing endorsements will not be the subject of legal challenge in the Romanian courts.
- While the Company understands there is no formal link between the receipt of remaining endorsements for the Industrial Area PUZ, the Historical Area PUZ and the EIA review process, it believes that these respective remaining endorsements are likely to be obtained on, or after, the issuance of the EP.
- In July 2014 the existing general urbanism plans and accompanying local regulations (“PUGs”) for Roşia Montană and Abrud were extended, pending the process for obtaining new PUGs, for a maximum term of three years. The processes for local councils to obtain new PUGs for Roşia Montană, Abrud and Bucium communes are ongoing and are subject to formal approval processes, including public consultation.

## Litigation

- Key developments that have occurred in legal proceedings concerning the Project during the third quarter of 2014 and certain upcoming court hearings in the final quarter of 2014 include:
  - The next hearing of a claim filed by three non-governmental organizations (“NGOs”) opposing the Project seeking the annulment of the Archaeological Discharge Certificate (“ADC”) for the Carnic open-pit is scheduled to be heard by the Buzau Tribunal on November 18, 2014. An irrevocable decision on the merits of this case may not be issued for several months and possibly into 2015. This action follows a decision of the Suceava Court of Appeal on April 15, 2014 which upheld an earlier court ruling that suspended the ADC. The effect of such suspension is temporary, pending the irrevocable conclusion of the annulment case.
  - On April 15, 2014, the Covasna Tribunal admitted a request filed by two NGOs for the annulment of the Strategic Environmental Assessment (“SEA”) endorsement, which was issued by the Regional Agency for Environmental Protection of Sibiu in March 2011 in respect of the Industrial Area PUZ. The SEA is one of a number of endorsements required for the Industrial Area PUZ. The ruling is not irrevocable and is the subject of an appeal by RMGC and others to the Brasov Court of Appeal, the next hearing of which is scheduled to be heard on November 13, 2014.

- On April 16, 2014, the Bacau Tribunal postponed the hearing of a claim initiated by two NGOs seeking the suspension of the SEA following the submission by the claimants' lawyers of the decision of the Covasna Tribunal on April 15, 2014 (see above). The next hearing of this suspension claim is scheduled for November 26, 2014.
- The first substantive hearing of a claim registered by three NGOs seeking the annulment of UC-47 is scheduled to be heard the Bistrita Tribunal on November 20, 2014.
- Due to the inherent uncertainties of the judicial process, the Company is unable to predict the ultimate outcome or impact, if any, with respect to matters challenged in the Romanian courts. There can be no assurance that any claims will be resolved in favor of the Company, RMGC or the Project. The implications of a negative court ruling will only be known once such a decision is issued formally by the relevant Court and the position of the Government is assessed, and may have a material adverse effect on the timing and/or outcome of permitting the Project and the Company's financial condition.

#### *Other Legal Proceedings*

- In November 2013, RMGC was informed of an investigation by the Ploiesti Public Prosecutor's Office ("PPPO") into alleged tax evasion and money laundering on the part of the principals/key shareholder(s) of a group of companies including Kadok Interprest LLC ("Kadok Group"). The PPPO extended its investigation of the Kadok Group to at least 100 other companies, including RMGC, which had entered into commercial business relationships with the Kadok Group. RMGC has cooperated fully with the PPPO and provided evidence of its legitimate business dealings with the Kadok Group.

#### **Outlook**

- Pending the outcome of the Presidential election and completion of any subsequent related ministerial changes, the ability of RMGC to initiate additional, meaningful dialogue with the relevant ministries of the Government and the TAC regarding the completion of environmental permitting will be severely limited. Consequently, Gabriel cannot provide any estimate for the likely time required to address, and resolve, matters arising in the Report or those raised in the most recent TAC meeting of July 24, 2014. Furthermore, Gabriel has been unable to obtain any assurances as to the impact upon the Project permitting of two recent legal cases that upheld suspending or cancelling certain previously obtained permits.
- In light of the current situation, and the repeated delays of the Government to properly address the assessment and permitting procedures for the Project, the Company has continued to reduce its cost base (of which employee retrenchment has formed a significant part) and in Q2 2014 closed a non-brokered private placement to raise aggregate gross proceeds of \$35 million. These initiatives have a long-term goal of ensuring that the Company remains financially strong, and capable of maintaining, as far as possible, all existing licenses and permits in good standing and progressing various other similar applications.
- The Company's key objectives in the short term include to:
  - Continue efforts to engage formally with the Government and its agencies for permitting the Project;
  - Continue to highlight the key economic, environmental, social and cultural benefits brought to Romania by the Project in order to demonstrate the merits of the Project to all stakeholders;
  - Understand and progress to finalization and completion the measures required to obtain approval of the EP;
  - Continue appropriate stewardship of cash resources; and
  - Maximize shareholder value, while optimizing benefits of the Project to all stakeholders.

## About Gabriel

Gabriel is a Canadian TSX-listed resource company focused on permitting and developing its world-class Roşia Montană gold and silver project. The exploitation license for the Project, the largest undeveloped gold deposit in Europe, is held exclusively by Roşia Montană Gold Corporation, a Romanian company in which Gabriel currently owns an 80.69 percent equity interest, with the 19.31 percent balance held by Minvest Roşia Montană S.A., a Romanian state-owned mining enterprise. Gabriel and RMGC are committed to responsible mining and sustainable development in the communities in which they operate. The Project is anticipated to bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP. The Project will generate thousands of employment opportunities. Gabriel intends to build a state-of-the-art mine using best available techniques and implementing the highest environmental standards whilst preserving local and national cultural heritage in Romania.

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 Gabriel's operating environment.

These forward-looking statements may include statements with respect to the future financial or operating performance of the Company and its subsidiaries, the perceived merit of properties, exploration results and budgets, mineral reserves and mineral resources estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company's plans and expectations relating to the Project, the anticipated outcomes of the application processes for permits, endorsements and licenses, including but not limited to the ongoing review of the environmental impact assessment, required for the Project, or other statements that are not statements of fact.

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.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect.

Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiaries to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, without limitation, the political and economic risks of operating in Romania, including those related to controls, regulations, political or economic developments and government instability in Romania; uncertainty of estimates of capital costs, sustaining capital costs, operating costs, production and economic returns; permitting risks, including the risk that permits and governmental approvals necessary to develop and operate the Project will not be available on a timely basis or at all, risks of maintaining the validity and enforceability of necessary permits and risks of replacing expired/cancelled permits and approvals; uncertainties relating to the assumptions underlying the Company's mineral resource and mineral reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs; risk related to the acquisition of all necessary surface rights for the development of the Project, including the risk that the Company may not acquire all such rights, or acquire such rights at acceptable prices; risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities; risks of defective title to mineral property, including the risk of successful legal challenges to the validity of the Company's exploitation license; risks related to the Company's ability to finance the development of the Project through external financing, strategic alliances, or otherwise; litigation risks, including the uncertainties inherent in current and future legal challenges relating to the Project; risks related to the availability of infrastructure, water, energy and other inputs; uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and the possibility that decisions may be reversed on appeal; uncertainties relating to prices for energy inputs, labor, material costs, supplies and services (including, but not limited to, labor, cement, steel, capital equipment, reagents and fuel); risks related to changes in law and regulatory requirements, including environmental regulation; risks related to the subjectivity of estimating mineral resources and mineral reserves and the reliance on available data and assumptions and judgments used in interpretation of such data; risks related to currency fluctuations, particularly in the value of the United States dollar and/or the Canadian dollar relative to each other and to the Euro and the Romanian leu; risks related to the future market prices of gold and silver and other mineral and commodity price fluctuations, and volatility in metal prices; risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto; risks associated with maintaining substantial levels of indebtedness, including potential financial constraints on operations; dependence on cooperation of state-owned joint venture partner in the development of the Project; risks related to the loss of key employees and the Company's ability to attract and retain qualified management and technical personnel; risks related to market events and volatility of global and local economic climate; taxation, including change in tax laws and interpretations of tax laws; mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production; risks related to opposition to the Project from non-governmental organizations or civil society; share capital dilution and share price volatility; and increased competition in the mining industry.

Forward-looking information contained herein is made as of the date of this press release. There can be no assurance that forward-looking information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. Accordingly, for the reasons set forth above, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws. **ENDS**