Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides a commentary to enable a reader to assess material changes in the financial condition and results of operations of Gabriel Resources Ltd. ("Gabriel" or the "Company") as at and for the three-month periods ended March 31, 2018 and 2017.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto of the Company as at and for the three-month periods ended March 31, 2018 and 2017 ("Financial Statements"). The Financial Statements have been prepared in condensed format in accordance with International Financial Reporting Standards ("IFRS") as applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34 ('Interim Financial Reporting'). The Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company as at and for the year ended December 31, 2017, which have been prepared in accordance with IFRS. All amounts included in the MD&A are in Canadian dollars ("$"), unless otherwise specified. This report is dated as of May 8, 2018, and the Company's public filings, including its most recent Annual Information Form dated April 30, 2018 ("AIF"), can be reviewed on the SEDAR website (www.sedar.com).

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, operations and businesses. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based upon the beliefs, expectations, reasonable investigation and opinions of Management as of the date of this MD&A. All forward-looking statements, including those not specifically identified herein are made subject to the cautionary language beginning on page 21. Readers are advised to refer to the cautionary language when reading any forward looking statements.

Overview

Gabriel is a Canadian resource company with its common shares listed on the TSX Venture Exchange ("Exchange") which, for many years, was focused principally on the exploration and development of the Roșia Montană gold and silver project in Romania (the "Project"). The Project, one of the largest undeveloped gold deposits in Europe, is situated in an area known as the Golden Quadrilateral in the South Apuseni Mountains of Transylvania, Romania, an historic and prolific mining district that since Roman times has been mined intermittently for over 2,000 years.

The exploitation concession license for the Project ("License") is held by Roșia Montană Gold Corporation S.A. ("RMGC"), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roșia Montană S.A. ("Minvest RM"), a Romanian State-owned mining company.

Upon obtaining the License in 1999, RMGC along with Gabriel and its subsidiary companies (together the "Group") focused substantially all of their management and financial resources on identifying and defining the size of the four ore bodies, engineering to design the size and scope of the Project, surface rights acquisitions, rescue archaeology and environmental assessment and permitting. 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, effectively depriving the Group entirely of the value of its investments.

On July 21, 2015, the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together "Claimants"), filed a request for arbitration ("Arbitration Request") before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against the Romanian State (the "Respondent") pursuant to the bilateral investment protection treaties which the Romanian Government has entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties") ("ICSID Arbitration"). The presiding tribunal for the ICSID Arbitration ("Tribunal") was constituted on June 21, 2016. In accordance with the procedural timetable determined by the Tribunal, the Claimants submitted their memorial on the merits of the claim (the "Memorial") on June 30, 2017, detailing, amongst other matters, the factual and legal arguments supporting their claims and the damages sustained.

In light of the continued absence of any positive engagement by the Romanian State since the Arbitration Request, the ICSID Arbitration has become the Company's core focus. Accordingly, any information set out below and elsewhere in this MD&A relating to the Project, the License, the Group's exploration and development activities in Romania and the Project approval and permitting process is for background purposes only and should not be interpreted as being indicative of the Company's expectations as at the date of this document regarding the future development of the Project.

ICSID Arbitration

In reliance on numerous representations made and actions taken by the Romanian authorities and in the reasonable expectation that the Project would be evaluated in accordance with the law and reasonable technical standards and, ultimately, on its merits, the Claimants have invested over US$700 million to maintain and develop the Project in accordance with all applicable laws, regulations, licenses, and permits. However, having encouraged the Claimants' investment in the Project, and also in defining mineral deposits at the Rodu-Frasin (epithermal gold and silver) site and reviewing the Tarniţa (porphyry copper-gold) site, both within the Bucium area located in the vicinity of Roşia Montană ("Bucium Projects"), the Romanian State has frustrated and prevented the implementation of those developments in an unlawful, discriminatory and non-transparent manner, and ultimately abdicated the responsibility to make decisions on the permitting of the Project in contravention of the applicable legal framework.

As a consequence of Romania's acts and inactions, the Project has been stymied, depriving the Claimants of the use, benefit and entire value of their property rights associated with the Project and the Bucium Projects, which have effectively been taken without compensation in contravention of the applicable legal and administrative processes and requirements.

The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the Romanian State's wrongful conduct and its breaches of the Treaties' protections, including against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and related licenses.

Status of the ICSID Arbitration

On January 10, 2017, the Tribunal issued Procedural Order No.4 establishing a procedural calendar for the ICSID Arbitration, including specific dates for the filing of submissions by the parties and other necessary procedural matters ("Procedural Calendar"). In accordance with the Procedural Calendar, the Claimants filed their Memorial on June 30, 2017.

On February 7, 2018, the presiding arbitrator, Ms. Teresa Cheng, resigned. As a result, the proceedings were suspended in accordance with the ICSID Arbitration Rules until such time as the vacancy was filled. On April 5, 2018, the Tribunal was reconstituted following the appointment of Professor Pierre Tercier as the presiding arbitrator and the suspension of the proceedings was lifted.

On February 22, 2018, the Respondent filed its counter-memorial ("Counter-Memorial") in response to the Memorial. Gabriel, together with its counsel, is currently preparing its reply in support of its claim ("Reply"), which will be filed in accordance with the Procedural Calendar (including any amendments that may flow from the suspension of proceedings) once established following the recent reconstitution of the Tribunal.

A summary of the procedural aspects of the ICSID Arbitration is available on ICSID's website.

RMGC Audits and Investigations

Since the filing of the ICSID Arbitration, RMGC has been subjected to several audits and investigations by the Romanian National Agency for Fiscal Administration ("ANAF"), a Romanian Government agency operating under the Ministry of Public Finance, a Romanian Government department which is also charged with organizing and overseeing Romania's defense of the ICSID Arbitration. Management of Gabriel and RMGC consider that such audits and investigations are abusive in nature and have been initiated by the Romanian authorities in retaliation to the Claimants' filing of the ICSID Arbitration.

RMGC was served with a decision by ANAF assessing a liability for value added tax ("VAT") in the amount of RON 27m (approximately $8.6m) on July 5, 2017 (the "VAT Assessment"). The assessment relates to VAT previously claimed and received by RMGC from the Romanian tax authorities in respect of RMGC's purchase of goods and services from July 2011 to January 2016.

On August 9, 2017, RMGC challenged the validity of the VAT Assessment before the ANAF Directorate-General for the Settlement of Complaints. It is the Company's understanding that such challenge should have been determined by ANAF, pursuant to the Fiscal Procedure Code, within six months of the date of the lodging of RMGC's challenge application, however no decision was issued by ANAF within such period. On April 5, 2018, RMGC initiated an action before the Alba Iulia Court of Appeal (Division for Administrative and Tax Claims) seeking the annulment of the VAT Assessment. An initial hearing date for such annulment proceedings has not yet been set.

RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal on August 10, 2017. On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC's request for a stay of enforcement of the VAT Assessment, pending the determination of RMGC's annulment challenge of the VAT Assessment. RMGC received a copy of the Court of Appeal's written decision on March 2, 2018. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date for such appeal has yet been set. RMGC has filed a statement of defence in response to ANAF's appeal.

Further to the VAT Assessment, and notwithstanding the Court of Appeal's decision of October 2, 2017, RMGC received a further demand from ANAF in respect of interest and penalties related to the VAT Assessment for RON 18.6 million (approximately $6.0 million) on October 23, 2017.

The Company believes the VAT Assessment is fundamentally flawed and abusive. Further, the Company believes that the procedure followed by ANAF to arrive at the VAT Assessment, and the subsequent interest and penalties, was improper and unlawful and that the VAT Assessment conflicts with Romanian fiscal laws as well as the mandatory applicable principles of EU law. The Company intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets.

In parallel with the VAT Assessment, and for over two years as of the date of this MD&A, a separate directorate of ANAF has continued to pursue an ad hoc investigation covering a broad range of operational activities and transactions of RMGC, and an increasing number of its suppliers, consultants and advisors, over an extensive period spanning 1997 to 2016 (the "ANAF Investigation"). Although RMGC is co-operating in good faith with ANAF, as at the date of this MD&A Gabriel still awaits formal indication of the grounds for the ANAF Investigation and neither the Company nor RMGC has received any feedback on its status.

Long Lead-Time Equipment

Long lead-time equipment comprised of crushing and milling equipment was originally procured by the Group between 2007 and 2009 for the operational phase of the Project. The prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is now considered remote.

Due to the status of the Project and the ongoing ICSID Arbitration, in December 2015, the Company formally engaged two specialist agents to broker the sale of this equipment ("LLTE").

During the third quarter of 2016, the Gabriel Group sold a gyratory crusher for gross proceeds of US$2.0 million (approx. $2.6 million) and, after sales commission, recorded a net gain on disposal of $0.6 million. In November 2017, an agreement was signed for the conditional sale of certain additional long lead-time equipment, a transaction which closed on May 4, 2018 for net proceeds of US$3.3 million (approx. $4.3 million). The Company continues, through its agents, to procure the sale of the remaining long lead-time equipment.

At December 31, 2017, the carrying amount of the remaining long-lead time equipment was assessed for indicators of impairment and no matters were noted.

Recent Developments

UNESCO World Heritage List

In February 2016, the Ministry of Culture submitted an initial application to the United Nations Educational, Scientific and Cultural Organization (UNESCO) for the placing of an area referred to as the "Roşia Montană Mining Cultural Landscape", an area which includes the Project footprint, on UNESCO's "Tentative List" to be declared a UNESCO World Heritage site.

On January 4, 2017, the Ministry of Culture submitted the nomination file ("Nomination File") for the inclusion of the "Roşia Montană Mining Cultural Landscape" on the UNESCO World Heritage List. Notwithstanding its significant interests in the nominated area, neither the Company nor RMGC were notified of, or consulted on, this proposal.

It is the Company's understanding that, on March 1, 2017, the Ministry of Culture was informed by the UNESCO World Heritage Centre that the Nomination File met all of the technical requirements outlined in the "Operational Guidelines for the Implementation of the World Heritage Convention" and, therefore, the Nomination File had been sent to the International Council on Monuments and Sites (ICOMOS) for evaluation.

The Company understands that ICOMOS is expected to complete its evaluation of the Nomination File in the second quarter of this year, following which its conclusions will be communicated to the World Heritage Committee of UNESCO for final assessment. The World Heritage Committee is expected to adopt a decision on the nomination of the Roşia Montană Mining Cultural Landscape for inscription on the World Heritage List at its 42nd session in July 2018.

Legal Challenges in Romania

Gabriel determined in 2015 that RMGC should withdraw from a number of legal actions related to the Project, the majority of which concerned claims of third party NGOs challenging administrative deeds issued by public authorities, given, amongst other matters, the commencement of the ICSID Arbitration and the ongoing requirement for the Group to reduce its cost base. RMGC has now withdrawn from all such legal proceedings.

Notwithstanding the foregoing, RMGC has continued to defend a limited number of claims initiated by certain former employees seeking additional severance payments and certain individuals seeking damages allegedly arising from the impact of the resettlement of some of the community on such claimants' businesses and RMGC's activities in the area. The Company considers that these claims are without merit and to date the majority of these claims have been rejected by the Romanian courts.

During the first quarter of 2018, and save as disclosed above in the section entitled "*RMGC Audits and Investigations*", there were no material developments in any legal proceedings involving the Group.

Outlook

Notwithstanding the ongoing ICSID Arbitration, the Company remains open to engagement with the Romanian authorities in order to achieve an amicable resolution of the dispute or a settlement enabling the Group to develop the Project. In the meantime, the Company's current plans for the ensuing year are as follows:

- the advancement of the ICSID Arbitration, including, amongst other matters, the preparation and filing of the Reply;
- the continued assessment of the Company's activities and resources necessary to support the preservation of its core assets and rights;
- carefully managing its cash resources (including the disposition of the remaining long lead-time equipment acquired for the Project);
- the identification and evaluation of financing alternatives to support the continued activities of the Gabriel Group, including but not limited to the advancement of the ICSID Arbitration; and
- the protection of its rights and interests in Romania (including appropriate support to RMGC in respect of any further abusive, illegal, or retaliatory behavior of the Romanian authorities and, so far as reasonably practical and desirable, ensuring that existing licenses and permits remain in good standing).

Liquidity and Capital Resources

Cash and cash equivalents at March 31, 2018 were $27.9 million.

The Company's average monthly cash usage during Q1 2018, including costs in respect of the ICSID Arbitration, was $1.1 million (Q4 2017 monthly average: $2.2 million; Q3 2017 monthly average: $2.8 million, in both quarters mainly due to deferred payment of substantial costs incurred in Q2 2017 regarding the filing of the Memorial in the ICSID Arbitration). At the end of Q1 2018, accruals for costs in respect of the ICSID Arbitration amounted to $2.3 million (Q4 2017: $0.3 million, Q3 2017: $3.7 million). Through to the end of 2018 the Company expects an increase in costs to be incurred for the ICSID Arbitration compared to Q1 2018 due to legal advisory services in respect of the review and response to the Counter-Memorial.

Based on the approved budget, the Company estimates it has sufficient sources of funding to cover its planned activities through to the second quarter of 2019. Management continues to review the Company's activities in order to identify areas to rationalize expenditures. Management is also in ongoing discussions about the provision of longer-term funding for the Company.

Results of Operations

The results of operations are summarized in the following tables. The amounts are derived from the Financial Statements prepared under IFRS.

in thousands of Canadian dollars, except per share amounts	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**
Income Statement				
Loss - attributable to owners of parent	6,931	7,431	7,247	13,657
Loss per share - basic and diluted	0.02	0.02	0.02	0.04
Statement of Financial Position				
Working capital	22,625	27,018	32,182	37,347
Total assets	44,410	47,300	53,461	62,159
Statement of Cash Flows				
Cash flows from financing activities	-	(24)	-	-

in thousands of Canadian dollars, except per share amounts	**2017 Q1**	**2016 Q4**	**2016 Q3**	**2016 Q2**
Income Statement				
Loss - attributable to owners of parent	9,345	13,200	42,002	8,943
Loss per share - basic and diluted	0.02	0.03	0.11	0.02
Statement of Financial Position				
Working capital	48,846	56,058	60,642	25,554
Total assets	70,599	75,458	90,495	53,736
Statement of Cash Flows				
Cash flows from financing activities	4	(17)	39,337	19,880

Review of Financial Results

	3 months ended March 31	
in thousands of Canadian dollars, except per share amounts	**2018**	2017
Operating loss for the period	**5,362**	7,293
Loss for the period		
- attributable to owners of parent[(1)]	**6,931**	9,345
Loss per share - basic and diluted	**0.02**	0.02

[(1)] *The transfer by the Company of equity in RMGC to Minvest RM during Q1, 2014 resulted in the presentation of a non-controlling interest, as set out in the Financial Statements.*

Operating loss for the three-month period ended March 31, 2018 was lower when compared to the 2017 comparable period, principally as a result of reduced ICSID Arbitration costs (see Expenses below).

The loss for the three-month period ended March 31, 2018 was reduced by a favorable variance from the weakening of the Canadian dollar against the US dollar ($0.3 million) compared to an adverse variance in the 2017 comparable period ($0.4 million). This was partly offset by an increase period-on-period in the accretion expense on the Company's private placements that closed in 2014 and 2016, as detailed in the Financial Statements of the Company ("Private Placements").

Expenses

Corporate, General and Administrative

	3 months ended March 31	
in thousands of Canadian dollars	**2018**	2017
ICSID Arbitration related	**2,239**	4,388
Payroll	**1,389**	1,202
Legal	**261**	172
Long lead-time equipment storage costs	**242**	211
Finance	**196**	192
Property and exploration taxes	**174**	159
Community relations	**125**	121
Information technology	**84**	61
External communications	**64**	54
Other	**480**	521
Corporate, general and administrative expense	**5,254**	7,081

Since January 1, 2016, all operating expenditures incurred by the Group are included in corporate, general and administrative expenses.

ICSID Arbitration related costs are for legal and other services provided to the Company in respect of the ICSID Arbitration which, for the three-month period ended March 31, 2018, amounted to approximately $2.2 million. The decrease compared to the corresponding 2017 period is due to the significantly higher 2017 activity levels in preparation for the June 30, 2017 filing of the Memorial.

Legal expenses include ongoing corporate legal advice within the Group, in particular in response to the ANAF investigations.

Payroll costs increased in the first quarter of 2018 compared to the 2017 comparable period due to certain salary increases within the Group, partially offset by a favorable variance due to the movement of the foreign exchange rate between the Canadian dollar and UK Sterling.

Stock Based Compensation

		3 months ended March 31		
		2018		2017
Stock option compensation				
Number of stock options granted		**101,684**		77,280
Average value ascribed to each regular vesting option granted	**$**	**0.38**	$	0.50
DSU compensation				
Number of DSUs issued		**111,347**		72,625
Average value ascribed to each DSU issued	**$**	**0.38**	$	0.50

With effect from July 1, 2016, non-executive directors are required to receive at least fifty per cent of their director's fees payable in deferred share units ("DSUs") or incentive stock options ("Options"). Certain non-executive directors have elected to receive all of their director's fees payable in Options. A total of 101,684 Options were granted to certain non-executive directors during the three-month period ended March 31, 2018 in lieu of cash fees for services provided during the prior quarter (2017: 77,280), one-third of which vest on the first, second and third anniversary of the date of grant respectively. DSUs vest on the date of issue.

	3 months ended March 31	
in thousands of Canadian dollars	**2018**	2017
DSUs - gain on revaluation	**(278)**	(270)
Stock option and RSU compensation - expense	**368**	441
Stock based compensation	**90**	171

DSUs are revalued each period end based on the period end closing share price. The initial value of the DSUs on grant, and the effect on the valuation of DSUs of the period-on-period change in share price, is expensed.

At March 31, 2018, the Company's share price was $0.31 (December 31, 2017: $0.42), resulting in a credit to the income statement recognized at the period end revaluation. This was partially offset by the expense recognized upon the issue in the period of DSUs to non-executive directors in lieu of cash remuneration and in respect of restricted share units ("RSUs") previously issued to officers and employees of the Company.

The estimated fair value of equity settled RSUs is calculated using the Black Scholes method as at the date of grant and amortized over the period over which the RSUs vest.

The estimated fair value of the Company's Options is calculated using the Black Scholes method as at the date of grant and amortized over the period over which the Options vest.

For performance Options, the fair value is expensed over the estimated vesting period from the time of grant. Once the performance conditions have been attained, which may result in the full vesting of the instruments, the remaining fair value (if any) is either expensed immediately or over the remaining vesting period, as appropriate. The expected performance dates are periodically reviewed and the expensing adjusted accordingly.

Finance Income

	3 months ended March 31	
in thousands of Canadian dollars	**2018**	2017
Interest income	**77**	62

Interest income reflects the average holdings of cash and cash equivalents during the respective periods shown above.

As at March 31, 2018, approximately 90% of the Company's cash and cash equivalents were invested in either Canadian government or US government guaranteed instruments, with the majority of the balance held as cash deposits with major Canadian banks.

Finance Costs

	3 months ended March 31	
in thousands of Canadian dollars	**2018**	2017
Financing costs - convertible note accretion	**1,902**	1,690

Finance costs relate to the accretion of the debt components of the Private Placements, which are measured at amortized cost using the effective interest rate method.

Foreign Exchange

The Company has experienced an increase in foreign currency gains and losses as a result of increased exposure to non-functional currencies, in particular the US dollar. A significant portion of the funds raised in the Private Placements were received in US dollars and the Company retained these US dollars to fund its subsequent US dollar denominated working capital expenses.

Taxes

Except as described hereafter, all tax assessments received prior to December 31, 2017 have been paid or provided for in the Financial Statements. On July 5, 2017 RMGC received the VAT Assessment from ANAF in respect of VAT deductions claimed by RMGC in the period from July 2011 to January 2016. The amount of the tax assessed was RON 27 million, approximately $8.6 million at July 5, 2017. Furthermore, on October 23, 2017, RMGC received notification from ANAF of related interest and penalties of RON 18.6 million, approximately $6.0 million at October 23, 2017.

On August 9, 2017, RMGC filed an administrative challenge before the Romanian tax authorities against the VAT Assessment and, on August 10, 2017, RMGC filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal. Further details of these challenges are set out above in the section entitled "*RMGC Audits and Investigations*".

Investing Activities

The majority of Group expenditures over the years through December 31, 2015 were for identifying and defining the size of the four ore bodies, for engineering to design the size and scope of the Project, environmental assessment and permitting, social support to local communities, communications and public relations activities to support the permitting process, archeological and rehabilitation work to buildings, as well as surface rights and property acquisition and resettlement housing and infrastructure. Since January 1, 2016, no significant expenditures have been incurred in these areas and any such expenditures are expensed in the income statement.

Purchase of Capital Assets

	3 months ended March 31	
in thousands of Canadian dollars	**2018**	2017
Total investment in capital assets	**29**	44
Depreciation and disposal - expensed	**18**	41

The purchase of capital assets remains low, in line with the Company's cost containment strategy.

Financing Activities

The Private Placements have raised gross aggregate proceeds of $95.6 million. The Company is using the proceeds of the Private Placements to finance the costs of the continuing ICSID Arbitration and for general working capital purposes. Further information on the Private Placements is provided in the Financial Statements and the Company's Annual Information Form for the year ended December 31, 2017, published on April 30, 2018, a copy of which is filed on SEDAR at www.sedar.com.

Cash Flow Statement

Liquidity and Capital Resources

The main sources of liquidity are the Company's cash and cash equivalents, and the equity and debt markets. At March 31, 2018, aggregate cash and cash equivalents were $27.9 million (December 31, 2017: $31.2 million).

Working Capital

At March 31, 2018, the Company had working capital, calculated as total current assets less total current liabilities, of $22.6 million (December 31, 2017: $27.0 million).

As at March 31, 2018, the Company had current liabilities of $6.7 million (December 31, 2017: $5.6 million).

Resettlement Liabilities

RMGC had a program for purchasing homes in the Project area, which was suspended in February 2008 due to the suspension of the EIA review process in September 2007.

At March 31, 2018 the Company had accrued resettlement liabilities totaling $0.5 million (December 31, 2017: $0.5 million).

RMGC has closed-out various exchange contracts it had entered into with certain homeowners in Roșia Montană who had elected for resettlement in Roșia Montană. RMGC has, in accordance with the terms of such contracts and in order to bring the contracts to an amicable and fair close, provided to the homeowners a range of options, including the restitution of their properties in Roșia Montană. RMGC has successfully agreed terms with the majority of the relevant homeowners.

Contractual Obligations

A summary of the Company's contractual capital and operating lease commitments as of March 31, 2018 is included within the Financial Statements.

The Company and its subsidiaries have a number of arms-length agreements with third parties who provide a wide range of goods and services. Typically, the service agreements are for a term of not more than one year and permit either party to terminate upon notice periods ranging from 15 to 90 days. At termination, the Company has to pay for services rendered, and costs incurred, to the date of termination.

Critical Accounting Estimates

The preparation of Financial Statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses and other income during the reporting period.

Significant estimates and assumptions include those related to going concern, the recoverability or impairment of mineral properties, benefits of future income tax assets, estimated useful lives of capital assets, valuation of stock based compensation and other benefits, assumptions and determinations as to whether costs are expensed or capitalized, and the valuation and measurement of the components of the Private Placements. While Management believes that these estimates and assumptions are reasonable, actual results could vary significantly. The critical accounting estimates are not significantly different from those reported in 2017.

Going Concern

The approved 2018 budget includes estimates of expenditures and commitments necessary to maintain the Company's primary assets, as well as its License and associated rights and permits, and the material estimated costs associated with the Company advancing the ICSID Arbitration, together with assumptions in respect of the sale of the remaining long lead time equipment. Management continues to review the Company's activities in order to identify areas to further reduce non-core expenditures.

Considering the matters noted above, and in the context of the Group's financial resources, Management's assessment is that the Company remains a going concern. However, as disclosed in the Financial Statements, there is significant uncertainty over the assessment of going concern.

Notwithstanding, the Company has been accounted for as a going concern in the Financial Statements for the quarter ended March 31, 2018.

Future income tax assets

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that are expected to be in effect when the differences reverse. Income tax assets are recognized to the extent that the recoverability of future income tax assets is considered probable.

The Company has subsidiaries in countries that have differing tax laws and rates, primarily Romania and the United Kingdom. The provision for income taxes is based on a number of estimates and assumptions made by Management, including its understanding of domestic and international tax rules. Advice is also sought from local professional tax advisors in the respective countries where the Group does business.

Tax authorities in Romania have regularly initiated various tax audits to assess the appropriateness of RMGC's tax filing positions. Regulators may interpret tax regulations differently from the Company and its subsidiaries, which may cause changes to the estimates made. As noted above, in 2017 RMGC received the VAT Assessment from ANAF which, with interest and penalties, amounted to approximately RON 45.6 million (approximately $14.6 million). RMGC has initiated a formal challenge to the VAT Assessment through the Romanian courts and this legal process remains ongoing.

Useful lives of capital assets

The Company's policy is to amortize capital assets over their useful lives once the assets are brought into production. Management assesses useful lives to ensure that the useful lives of assets reflect the intended use of those assets.

Valuation of stock-based compensation

The Company utilizes Options, DSUs and RSUs as means of compensation. Equity settled RSUs and Options are valued using a Black Scholes valuation model, and are amortized over the expected vesting periods. Management reviews the assumptions used in the Black Scholes valuation on an annual basis to ensure appropriateness.

DSUs are typically issued at the five-day weighted average market price of the Company's common shares ("Common Shares") preceding the date of grant, and the value thereof is subsequently recalculated to fair value based on the quoted market value of the Company's Common Shares at the end of each reporting period.

Valuation of the Private Placements

The units issued by the Company in the Private Placements, consisted of convertible subordinated unsecured notes ("Convertible Notes"), warrants and arbitration value rights. For these two private placements, the Company utilized a Black Scholes valuation model to value the warrant component of the units and a discounted cash flow model to value the debt component of notes. The equity component of the notes was recognized initially at the difference between the fair value of each private placement as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs were allocated to the liability and equity components in proportion to their initial carrying amounts. A nil value was initially ascribed to the arbitration value rights and, given the current initial pleadings stage of the arbitration process, a nil valuation remains applicable as at March 31, 2018. The Private Placements contain two embedded derivatives, both of which were initially valued at nil with no subsequent adjustment in value.

Financial instruments and management of financial risk

The recorded amounts for cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities and other liabilities approximate fair values based on the nature of those instruments.

The Company's objective is to safeguard its cash and cash equivalents in order to be able to fund ongoing expenditures. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures. The long-term costs, including advisors' fees and general corporate working capital, of pursuing the ICSID Arbitration have been significant and are estimated to continue to be so.

To safeguard capital the Company invests its surplus capital in liquid instruments with highly-rated financial institutions.

The Group's risk exposures and the impact on the Group's financial instruments are summarized below:

Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents. Historically, the Group has adopted an investment strategy to minimize its credit risk by investing in Canadian sovereign debt with the balance of cash being invested on short-term overnight deposit with major Canadian banks. However, the Company has invested a significant portion of the funds raised in the Private Placements in US sovereign debt to fund its expected US dollar-denominated working capital expenses.

The Group is exposed to the credit risk of domestic Romanian banks that hold and disburse cash on behalf of its Romanian subsidiaries. The Group manages its Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources at the corporate office and only transferring money to its Romanian subsidiary based on near-term cash requirements, thereby mitigating exposure to domestic Romanian banks.

The Group holds small cash balances in the United Kingdom to fund corporate office activities.

The Group's credit risk is also attributable to value-added taxes receivable. Value-added taxes receivable are primarily receivables from the Romanian Government which, prior to the recent ANAF VAT audits, were within expected collection terms. As at March 31, 2018, overdue amounts claimed by RMGC total approximately $0.3 million.

Liquidity risk

The Company has the ability to repay the Convertible Notes at maturity through issuing Common Shares from treasury (as more fully described in the Financial Statements); these represent a significant portion of the long-term Group liabilities. As of the date of this MD&A, taking account of the Group's existing treasury balances, the Group expects to have sufficient funds to settle all other existing and long-term contractual liabilities. For information on going concern see discussion above on liquidity and capital resources.

Market risk

(a) Interest rate risk

The Group has significant cash balances and fixed coupon debt. The Group maintains a short-term investment horizon, typically less than 3 months, for its cash and cash equivalents, and therefore minimizes the risk of interest rate volatility at investment maturity. Where yields on investments less than 90 days are not significantly lower than investments greater than 90 days but less than one year, the Group has elected to utilize the shorter term investments.

With a short-term investment horizon and the intent to hold all investments until maturity, the Group is only marginally exposed to capital erosion should interest rates rise and cause fixed yield investments to devalue.

The Group's primary objective with respect to cash and cash equivalents is to mitigate credit risk. The Group has elected to forego yield in favor of capital preservation.

(b) Foreign currency risk

The Group's presentation currency is the Canadian dollar and its activities expose it to fluctuations in foreign exchange rates. The Group has monetary assets and liabilities which are denominated in Romanian Lei, US dollars, UK pounds and Euros and is, therefore, subject to exchange variations against both the functional and presentation currency.

The Group maintains cash and cash equivalents in various currencies and is therefore susceptible to market volatility as foreign cash balances are revalued to the functional currency of the entity and thereafter to the presentation currency of the Group. Therefore, the Group may report foreign exchange gains or losses during periods of significant economic and market volatility. At March 31, 2018 the Group held 49% and 47% of its cash and cash equivalents in Canadian and US dollars, respectively.

The Company has not entered into any derivative hedging activities.

Sensitivity

Based on Management's knowledge and experience of the financial markets, in respect of the Company's balance of cash and cash equivalents as at March 31, 2018, the Company believes the following market movements are "reasonably possible" over a twelve-month period and would have the stated effects on net income:

- A plus or minus 1% change in earned interest rates; would affect net income by $0.3 million.
- A plus or minus 1% change in foreign exchange rates; would affect net income by $0.2 million.

Risks and uncertainties

An investment in the Company's Common Shares is subject to a number of risks and uncertainties. This section describes existing and future material risks to the business of the Group. The risks described below are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Group's business. The realization of any of these risks may materially and adversely affect the Group's business, financial condition, results of operations and/or the market price of Gabriel's securities.

ICSID Arbitration

The costs of pursuing the ICSID Arbitration are substantial and the amount of costs, fees and other expenses and commitments payable in connection with the ICSID Arbitration may differ materially from Management's expectations. Based on the case specific nature of arbitration and the inherent uncertainty in the actions of the Respondent, or the process, timing or outcome of the ICSID Arbitration, 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.

There is no assurance that the Claimants will be successful in establishing Romania's liability in the ICSID Arbitration or, if successful, will collect an award of compensation from the Respondent in the amount requested or at all. Failure to prevail in the ICSID Arbitration or to obtain adequate compensation for the loss in value of the Group's investment would materially adversely affect the Group.

The pursuit by the Company of the ICSID Arbitration may lead to the commencement of further abusive fiscal and other investigations and assessments against RMGC by the Romanian State.

Need for additional funding

Further funding is required by the Company to continue as a going concern and to pursue the ICSID Arbitration to its conclusion, and for general working capital requirements. The Company will likely require additional funding in 2018 or early 2019.

Historically the Company has been financed through the issuance of its Common Shares, other equity based securities and convertible debt. Although Gabriel has been successful in the past in obtaining financing, the Company has limited access to financial resources as a direct result of the dispute concerning the Project and the core focus upon the ICSID Arbitration. There is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all.

Whilst, as disclosed above, the Company has initiated a process to sell its long lead-time equipment which could, if completed, provide the Company with a reduced cost base and/or additional working capital, there are, however, no assurances regarding the success or otherwise of such a sale process or that any proceeds may be realized from the sale of equipment. The timing of the receipt of any such sales proceeds is also uncertain.

Refinancing of existing securities

The Company may need or desire to refinance all or a portion of the Convertible Notes issued and outstanding pursuant to the Private Placements. There can be no assurance that the Company will be able to refinance any of its indebtedness or incur additional indebtedness.

Political and economic uncertainty in Romania

Gabriel's material operations, property rights and other interests are located in Romania. As such, the Company's activities are subject to a number of country specific risks over which it has no control. These risks may include risks related to social, political, economic, legal and fiscal instability and changes of Romanian laws and regulations affecting foreign ownership, taxation, working conditions, rates of exchange, exchange control, exploration licensing, and export licensing and export duties.

In the event of a dispute arising in respect of the Company's activities in Romania (other than the ICSID Arbitration), the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or elsewhere. Any adverse or arbitrary decision of a court, arbitrator or other governmental or regulatory body may have a material adverse impact on the Company's business, assets, prospects, financial condition and results of operations and/or the market price of its securities.

Mineral tenure rights

The License has an initial duration of 20 years and may be extended for additional five-year periods as may be needed to ensure rational exploitation of the mineral resources and reserves identified and approved by NAMR. The License expires in June 2019 and an application for renewal is required to be filed no less than 90 days prior to the expiry. Although RMGC retains "nominal ownership" of the License, the acts and omissions of the Romanian State have prevented RMGC from realizing any benefits of such ownership and thus have deprived the License entirely of its value.

Pursuant to an exploration concession license issued by the Romanian State in May 1999 relating to the Rodu-Frasin and Tarniţa deposits located in the vicinity of Roşia Montană, RMGC acquired, following the completion of extensive exploration at Bucium. This identified two feasible deposits, a direct and exclusive legal right to obtain exploitation licenses for such deposits. However, in violation of RMGC's legal rights and of Romania's legal obligations, Romania has failed for the last 10 years to act on RMGC's applications for exploitation licenses for Rodu-Frasin and Tarniţa.

Legal proceedings

As previously disclosed, Gabriel has been party (directly and through RMGC) to a number of legal challenges in Romania and, in the course of its business, may from time to time become involved in the defence and initiation of legal claims, arbitration and other legal proceedings.

Due to the inherent uncertainties of the judicial process in Romania, the nature and results of any such legal proceedings cannot be predicted with any certainty. In addition, such claims, arbitration and other legal proceedings can be lengthy and involve the incurrence of substantial costs and resources by the Company. The initiation, pursuit and/or outcome of any particular claim, arbitration or legal proceeding could have a material adverse effect on the Company's financial position and results of operations, and on the Company's business, assets and prospects.

UNESCO World Heritage List

The inclusion of Roșia Montană on the UNESCO World Heritage List would have a material adverse impact on the Company's business, assets and financial condition insofar as it would limit severely the terms upon which any mining in the Project area could be permitted and thus whether an amicable resolution of the dispute with the Romanian State could be reached.

Dependence on Management and key personnel

The Group is dependent on a relatively small number of key directors, officers and employees. Loss of any one of those persons could have an adverse effect on it. Retaining qualified and experienced personnel is critical to the Company's success. However, there can be no assurance that the Gabriel Group will be successful in so doing.

Furthermore, the loss of key employees, in particular those who possess important historical knowledge related to the Project which could be relevant to the ICSID Arbitration, could have a material adverse effect on the outcome of the ICSID Arbitration and future operations of the Group.

Minvest mine closure plan

In May 2006, Minvest permanently ceased all of its mining operations at Roșia Montană. As a result, a mine closure plan was developed, which, Gabriel understands, was approved by the Romanian Ministry of Economy and NAMR. The mine closure plan was developed to integrate into RMGC's development plans for Roșia Montană in order to avoid any conflict between the Romanian State's closure activities and RMGC's development activities. A state-owned company under the coordination of the Ministry of Economy, S.C. CONVERSMIN S.A., has responsibility for the mine closure plan.

There can be no assurance that the activities contemplated by such mine closure plan will be implemented in a timely fashion, and no such action has been undertaken to date. Until the mine closure plan has been fully implemented, there can be no assurance that such activities will not attract liability to RMGC, as the titleholder of the License, under the current or future laws, rules and regulations applicable to mining activities in Romania. Likewise, there can be no assurance that the legally binding assumption by the Romanian State-owned operator of all liabilities associated with its past mining operations and the indemnification of RMGC from such liabilities will be fulfilled by, or be enforceable against, such entity.

Potential dilution to existing shareholders

As described above, the Company will require additional financing in order to pursue the ICSID Arbitration to its conclusion and for general working capital requirements. In order to raise such financing, the Company anticipates that it may sell additional equity securities including, but not limited to, its Common Shares, share purchase warrants or some form of convertible security. The effect of additional issuances of equity securities will result in dilution to existing shareholders.

The conversion and/or exercise (as applicable) of the Company's outstanding Convertible Notes and existing warrants could result in the issuance of a significant number of Common Shares causing significant dilution to the ownership of existing shareholders. Unless and until the Company successfully permits the Project or collects an arbitral award, if any, or acquires and/or develops other operating properties which provide positive cash flow, the Company's ability to meet its obligations as they fall due or redeem in whole or part or otherwise restructure the Convertible Notes will be limited to the Company's cash on hand and/or its ability to issue additional equity or debt securities in the future. Such transactions could potentially cause substantial dilution to the shareholders at that time.

Continued Listing of the Company's Common Shares

The continued listing of the Company's Common Shares on the Exchange is conditional upon its ability to meet the applicable continued listing requirements of the Exchange. In the event that Gabriel is not able to maintain a listing of its Common Shares on the Exchange or any substitute exchange, it may be extremely difficult or impossible for shareholders to sell their Common Shares. If the Company is delisted from the Exchange but obtains a substitute listing for the Common Shares, the Common Shares may have less liquidity and more price volatility than experienced on the Exchange. Shareholders may not be able to sell their Common Shares on any such substitute exchange in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if the Common Shares are delisted from the Exchange, the price of the Common Shares may decline and the Company's ability to obtain financing in the future could be materially impaired.

Compliance with Anti-Corruption Laws

Gabriel is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian Corruption of Foreign Public Officials Act 1999 and the UK Bribery Act 2010. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. Gabriel's primary operations are located in Romania, a country which, according to Transparency International, is perceived as having fairly high levels of corruption relative to the rest of Europe (Romania ranks 59th out of 180 countries in terms of corruption, according to a 2017 index published by Transparency International). Gabriel cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which Gabriel's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose Gabriel and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect Gabriel's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by UK, Canadian or foreign authorities could also have an adverse impact on Gabriel's ability to develop the Project or its business, financial condition and results of operations.

As a consequence of these legal and regulatory requirements, Gabriel has instituted policies and procedures with regard to business ethics, which have been designed to ensure that Gabriel and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring Gabriel’s compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws and regulations.

Insurance and uninsurable risks

Gabriel maintains insurance to protect it against certain risks related to its operations in type and amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk and the advice of its retained insurance advisor. There are also risks against which the Company cannot insure or against which it may elect not to insure for various reasons. The potential costs associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays to its operations and require significant capital outlays, adversely affecting the future business, assets, prospects, financial condition and results of operations of the Company.

General economic and financial market conditions

Global economic and financial conditions may impact the ability of the Company to obtain loans, financing and other credit facilities in the future and, if obtained, on terms favourable to the Company. As a consequence, global financial conditions could adversely impact the Company’s financial status and share price.

Market price volatility

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the Common Shares of the Company will be subject to market trends generally and there may be significant fluctuations in the price of the Company's Common Shares.

Conflicts of interest

Some of the directors and officers of the Company are, or may be, on the boards of other natural resource companies from time to time resulting in conflicts of interests. Therefore, there is the potential for a conflict of interest between the Company and some of its directors and officers. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

CEO/CFO Certification

The Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have reviewed the interim financial statements and interim MD&A (the “Interim Filings”) for the three-month period ended March 31, 2018.

The CEO and CFO certify that, as at March 31, 2018, based on their knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the Interim Filings

The CEO and CFO certify that, as at March 31, 2018, Based on their knowledge, having exercised reasonable diligence, the interim financial statements for the period, together with the other financial information included in the Interim Filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of March 31, 2018 and for the three month period to that date.

Outstanding Share Data

The Company's fully diluted share capital as at May 4, 2018 was:

	Outstanding
Common shares	384,452,780
Common stock options	24,368,020
Deferred share units - common shares	2,962,474
Restricted share units - common shares	2,148,748
Warrants	111,536,250
Convertible notes	307,912,500
Fully diluted share capital	**833,380,772**

Forward-Looking Statements

This MD&A 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 MD&A, 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 uncertainties associated with material factors or assumptions used to develop forward-looking statements include, without limitation: the progress of the ICSID Arbitration, actions by the Romanian Government or affiliates thereof, the impact of current or future litigation against the Group, conditions or events impacting the Company's ability to fund its operations or service its debt, the ability to progress 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 above and 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 Group's liquidity and capital resources;
- access to funding to support the Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion of the Convertible Notes, or exercise of warrants, in part or in whole to common shares of the Company;
- the ability of the Company to maintain a continued listing on the 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 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 and fiscal regimes; and
- volatility of currency exchange rates;
- 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 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.

Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended March 31, 2018

Condensed Consolidated Statement of Financial Position

As at March 31, 2018 and December 31, 2017
(Unaudited and expressed in thousands of Canadian dollars)

	Notes	**March 31 2018**	December 31 2017
Assets			
Current assets			
Cash and cash equivalents	7	**27,910**	31,220
Trade and other receivables		**792**	875
Prepaid expenses and supplies		**642**	520
Total current assets (excluding assets classified as held for sale)		**29,344**	32,615
Assets classified as held for sale	6	**14,374**	13,723
Total current assets		**43,718**	46,338
Non-current assets			
Restricted cash		**571**	850
Property, plant and equipment		**121**	112
Total non-current assets		**692**	962
TOTAL ASSETS		**44,410**	47,300
Liabilities			
Current liabilities			
Trade and other payables	8	**5,287**	3,909
Resettlement liabilities	9	**544**	532
Other current liabilities	10	**888**	1,156
Total current liabilities		**6,719**	5,597
Non-current liabilities			
Convertible, subordinated, unsecured notes	17	**65,103**	63,201
Total non-current liabilities		**65,103**	63,201
TOTAL LIABILITIES		**71,822**	68,798
Deficit			
Share capital		**868,288**	868,288
Other reserves		**133,817**	133,449
Currency translation adjustment		**2,103**	1,579
Accumulated deficit		**(1,035,696)**	(1,028,765)
Deficit attributable to owners of the parent		**(31,488)**	(25,449)
Non-controlling interest	11	**4,076**	3,951
TOTAL DEFICIT		**(27,412)**	(21,498)
TOTAL DEFICIT AND LIABILITIES		**44,410**	47,300

Going concern – Note 1

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Income Statement

For the three month period ended March 31
(*Unaudited and expressed in thousands of Canadian dollars, except per share data)*

	3 months ended March 31	
	2018	2017
Expenses		
Corporate, general and administrative	**5,254**	7,081
Share-based compensation	**90**	171
Depreciation	**18**	41
Operating loss	**5,362**	7,293
Other (income) / expense		
Interest received	**(77)**	(62)
Finance costs: convertible notes accretion	**1,902**	1,690
Foreign exchange (gain) / loss	**(256)**	424
Loss for the period attributable to owners of the parent	**6,931**	9,345
Basic and diluted loss per share	**$0.02**	$0.02

Condensed Consolidated Statement of Comprehensive Income

For the three month period ended March 31
(*Unaudited and expressed in thousands of Canadian dollars)*

	3 months ended March 31	
	2018	2017
Loss for the period	**6,931**	9,345
Other comprehensive loss		
- may recycle to the Income Statement in future periods		
Currency translation adjustment	**(649)**	(2)
Comprehensive loss for the period	**6,282**	9,343
Comprehensive loss / (gain) for the period attributable to:		
- Owners of the parent	**6,407**	9,343
- Non-controlling interest	**(125)**	-
Comprehensive loss for the period	**6,282**	9,343

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Shareholders' (Deficit) / Equity

For the three month period ended March 31

(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended March 31 2018	2017
Common shares		
At January 1	**868,288**	868,279
Shares issued on the exercise of share options	**-**	5
Transfer from contributed surplus: exercise of share options	**-**	4
At March 31	**868,288**	868,288
Other reserves		
At January 1	**133,449**	131,562
Share-based compensation	**368**	441
Exercise of share options	**-**	(4)
At March 31	**133,817**	131,999
Currency translation adjustment		
At January 1	**1,579**	1,329
Currency translation adjustment	**524**	2
At March 31	**2,103**	1,331
Accumulated deficit		
At January 1	**(1,028,765)**	(991,085)
Loss for the period	**(6,931)**	(9,345)
At March 31	**(1,035,696)**	(1,000,430)
Non-controlling interest		
At January 1	**3,951**	3,891
Currency translation adjustment	**125**	-
At March 31	**4,076**	3,891
Total shareholders' (deficit) / equity at March 31	**(27,412)**	5,079

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the three month period ended March 31

(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended March 31	
	2018	2017
Cash flows used in operating activities		
Loss for the period	**(6,931)**	(9,345)
Adjusted for the following non-cash items:		
Depreciation	**18**	41
Share-based compensation	**90**	171
Finance costs - convertible note accretion	**1,902**	1,690
Unrealized foreign exchange gain	**(312)**	(357)
	(5,233)	(7,800)
Changes in operating working capital:		
Unrealized foreign exchange (gain) / loss	**(33)**	14
Increase in accounts payable	**1,679**	2,619
Increase in accounts receivable	**(39)**	(262)
	(3,626)	(5,429)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(29)**	(44)
	(29)	(44)
Cash flows provided by financing activities		
Proceeds from the exercise of share options	**-**	4
	-	4
Decrease in cash and cash equivalents	**(3,655)**	(5,469)
Effect of foreign exchange on cash and cash equivalents	**345**	343
Cash and cash equivalents - beginning of period	**31,220**	60,267
Cash and cash equivalents - end of period	**27,910**	55,141

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Nature of operations and going concern

Gabriel Resources Ltd. ("Gabriel" or the "Company") is a Canadian resource company whose common shares are listed on the TSX Venture Exchange ("Exchange"). Gabriel effected the transfer of its listing from the Toronto Stock Exchange (the "TSX") to the Exchange as of February 1, 2018.

Gabriel's activities were previously focused on permitting and developing the Roșia Montană gold and silver project (the "Project") in Romania, and are now focused on an international bilateral investment treaty claim against Romania, as explained further below. The exploitation license for the Project ("License") is held by Roșia Montană Gold Corporation S.A. ("RMGC"), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roșia Montană S.A. ("Minvest RM"), a Romanian state-owned mining company.

Upon obtaining the License in 1999, RMGC, along with Gabriel and its subsidiary companies (together the "Group"), focused substantially all of their management and financial resources on identifying and defining the size of the four known ore bodies, engineering to design the size and scope of the Project, surface rights acquisitions, rescue archaeology and environmental assessment and permitting.

On July 21, 2015, pursuant to the provisions of international bilateral investment protection treaties which the Romanian State entered into with each of Canada and the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties"), Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited ("Claimants"), filed a request for arbitration ("Arbitration Request") before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against the Romanian State ("ICSID Arbitration"). The Arbitration Request was registered by ICSID on July 30, 2015 and the presiding tribunal for the ICSID Arbitration ("Tribunal") was constituted on June 21, 2016. The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the State's wrongful conduct and its breaches of the Treaties' protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and the related licenses.

Whilst the Company's primary objective has been the development of the Project to operational status, as of the date of these Condensed Financial Statements, the core focus of the Company is the progression of the ICSID Arbitration. Key milestones to date include:

- The first Tribunal hearing took place on August 12, 2016.
- On January 10, 2017, the Tribunal issued its procedural calendar for the ICSID Arbitration process and required documents ("Procedural Calendar").
- On June 30, 2017, the Claimants delivered a memorial to ICSID on the merits and quantum of the ICSID Arbitration claim ("Memorial").
- On February 7, 2018, the President of the Tribunal resigned and, in accordance with ICSID Arbitration rules, the ICSID Arbitration proceedings were suspended pending the appointment of a replacement President.
- On February 22, 2018, the Romanian State delivered a counter memorial ("Counter Memorial") in response to the Memorial filed by the Claimants. Gabriel, together with its counsel, is currently preparing its reply in support of its claim ("Reply").
- On April 5, ICSID appointed a new President of the Tribunal and the suspension of the proceedings was lifted.

1. Nature of operations and going concern (continued)

The approved 2018 budget includes those expenditures and commitments necessary to maintain the Company's primary assets, as well as its License and associated rights and permits, and the material estimated costs associated with the Company advancing the ICSID Arbitration. On the basis of the Company's balance of cash and cash equivalents as at March 31, 2018 and its budgeted activities, including the current Procedural Calendar for the ICSID Arbitration, the Company estimates that it has sufficient funding to cover its planned activities through to the second quarter of 2019. Management continues to review the Company's activities in order to identify areas to rationalize expenditures. Management is also in ongoing discussions about the provision of longer-term funding for the Company.

The Condensed Interim Consolidated Financial Statements ("Condensed Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. As noted above, pending completion of the sale of the remaining long lead time equipment and the conclusion of additional financing, there is material uncertainty over the long-term funding available to the Company that may cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Financial Statements do not reflect the adjustments to the carrying values of assets or liabilities and the reported expenses and condensed statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Company's registered address is Suite 200 – 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 1Z4. The Company receives significant management services from its wholly-owned subsidiary, RM Gold (Services) Ltd. ("RMGS"). The principal place of business for RMGS is 1 Central Court, 25 Southampton Buildings, London WC2A 1AL, United Kingdom. The Company is the ultimate parent of the Group and does not have any controlling shareholders.

2. Basis of preparation

These Condensed Financial Statements for the three month period ended March 31, 2018, have been prepared in accordance with IFRS as applicable to the preparation of interim financial statements, including International Accounting Standard 34 - Interim Financial Reporting. The Condensed Financial Statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 (the "2017 Financial Statements"), which have been prepared in accordance with IFRS.

The Condensed Financial Statements have been prepared according to the historical cost convention.

The Board approved these Condensed Financial Statements on May 8, 2018.

3. Critical accounting estimates, risks and uncertainties

The Company performed an analysis of risk factors which, if any should materialize, could materially and adversely affect the results of operations and financial position of the Company.

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities, if any, at the date of the financial statements and the reported amount of expenses and other income for the period. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. The significant estimates and assumptions are not materially different from those disclosed in the 2017 Financial Statements.

4. Accounting policies

The material accounting policies followed in these Condensed Financial Statements are the same as those applied in the 2017 Financial Statements, except as discussed below.

No new IFRS accounting standards have been adopted by the Company during the three-month period ended March 31, 2018, except for IFRS 9 Financial Instruments (IFRS 9).

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from January 1, 2018 resulted in changes in accounting policies; no adjustments were necessary to the amounts recognized in the financial statements comparative figures. In accordance with the transitional provisions in IFRS 9 comparative figures have not been restated. The new accounting policies are set out below.

On January 1, 2018 (the date of initial application of IFRS 9), the Company's Management assessed which business models apply to the financial assets held by the group and has determined that amortized cost is the appropriate IFRS 9 category. The Company was required to revise its impairment methodology under IFRS 9; there was no impairment loss identified. There was no impact from the adoption of IFRS 9 on the Company's financial liabilities as these continued to be accounted as financial liabilities at amortized cost.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019. The new standard that is expected to be relevant to the Company's consolidated financial statements is IFRS 16 – Leases.

- IFRS 16 – Leases. In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact that this new standard will have on the consolidated financial statements of the Company. Management has not yet concluded as to the impact on the Group.

5. Corporate General and Administrative expenses

	3 months ended March 31	
in thousands of Canadian dollars	**2018**	2017
ICSID Arbitration related	**2,239**	4,388
Payroll	**1,389**	1,202
Other	**480**	521
Legal	**261**	172
Long lead-time equipment storage costs	**242**	211
Finance	**196**	192
Property and exploration taxes	**174**	159
Community relations	**125**	121
Information technology	**84**	61
External communications	**64**	54
Corporate, general and administrative expense	**5,254**	7,081

ICSID Arbitration related costs are legal and other advisory services provided to the Company in respect of the ICSID Arbitration. The decrease compared to the corresponding 2017 period is due to the significantly higher 2017 activity levels in preparation for the June 30, 2017, filing of the Memorial. Payroll is the total of salaries, bonuses and relevant taxes for all Group employees. Legal expenditures are in respect of general corporate legal advisory services to the Group.

6. Assets held for sale

Balance - December 31, 2016	13,417
Currency translation adjustment	306
Balance - December 31, 2017	13,723
Currency translation adjustment	**651**
Balance - March 31, 2018	**14,374**

The prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is considered remote. In December 2015, the Company engaged two specialist agents to broker the sale of the long lead-time equipment, and the equipment was transferred to assets held for sale on December 31, 2015. In November 2017, the Company entered into an agreement to sell a ball mill for with a net carrying value of $2.8 million as at March 31, 2018. A $0.3 million deposit was received for the ball mill which was refundable prior to January 2018 and initially accounted for as restricted cash at December 31, 2017 and subsequently moved to cash and cash equivalents as at March 31, 2018. The sale was completed on May 4, 2018 for net sale proceeds of $4.3 million. The agents' engagement is ongoing, with a view to a sale of the remaining equipment in the short-term.

The remaining long lead-time equipment comprises milling equipment, which is not yet assembled. These items are currently stored in various warehouse locations which, with non-material exceptions, are outside of Romania, the main location being the port of Antwerp, Belgium.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

7. Cash and cash equivalents

As at	**March 31 2018**	December 31 2017
Cash at bank and on hand	**2,765**	2,737
Short-term bank deposits	**25,145**	28,483
	27,910	31,220

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Cash is readily accessible and is deposited at reputable financial institutions with acceptable credit standings.

The Group manages its domestic Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources from its corporate office and only transferring money to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks. At March 31, 2018, the Group held $0.3 million in cash and cash equivalents in Romanian banks (December 2017: $0.3 million).

Short-term bank deposits represent investments in government treasury bills with maturities, from the date of acquisition, of less than 90 days.

8. Trade and other payables

As at	**March 31 2018**	December 31 2017
Trade payables	**262**	252
Payroll liabilities	**2,100**	2,702
Accruals and other payables	**2,925**	955
	5,287	3,909

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. The increase in accrued expenses period on period is due to the increase in ICSID Arbitration related activities in the period since the February 2018 filing of the Counter Memorial by Romania, and related advisory services. Payroll liabilities have reduced since the beginning of the year as accrued performance related and contract renegotiation compensation payments were made.

9. Resettlement liabilities

RMGC previously had a program for purchasing homes in the Project area. Under the resettlement program residents were offered two choices; either to take the sale proceeds and move to a new location of their choosing, or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the new resettlement site option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total balance at March 31, 2018 was $0.5 million (December 31, 2017: $0.5 million).

10. Other current liabilities

The Company has a Deferred Share Unit ("DSU") Plan under which qualifying participants can elect to receive certain compensation in the form of DSUs. With effect from July 1, 2016, certain Company non-executive directors have received fifty per cent of their director fees payable in DSUs. DSUs are initially valued at the five-day weighted average market price of the Company's common shares at the date of issue. The value of DSUs is adjusted based on fair value on the closing common share price at the end of each subsequent reporting period.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

10. Other current liabilities (continued)

During the three month period ended March 31, 2018 an aggregate of 111,347 DSUs were issued to certain non-executive directors in lieu of fees for services provided during the prior quarter. The 2018 issuance of DSUs and the reporting period end fair value calculation has resulted in an aggregate decrease in the DSU liability of $0.3 million.

11. Non-controlling interest

The Company historically advanced loans totaling US$39.5 million to Minvest RM, the non-controlling shareholder of RMGC, to facilitate mandatory statutory share capital increases in RMGC in accordance with Romanian company law rules on capitalization. These loans, which remain outstanding at March 31, 2018, are non-interest bearing and according to their terms are to be repaid as and when RMGC distributes dividends to its shareholders. The loans are accounted for as part of the Group's net investment in RMGC and, accordingly, have been set-off against non-controlling interests in the Condensed Consolidated Statement of Financial Position. The loans and non-controlling interest components will be reflected individually at such time as repayment of the loans is possible.

In December 2013, the Group was required to recapitalize RMGC in order to comply with Romanian minimum capitalization company law requirements. The subscription to RMGC share capital by the Company was effected through a conversion of existing intercompany debt. On January 17, 2014 the Group agreed to transfer to Minvest RM, for nil consideration, a proportion of the shares subscribed to in December 2013, with a face value of $20.4 million, in order to preserve the ratio of respective shareholdings in RMGC. This transfer gave rise to the disclosed non-controlling interest and subsequent accounting.

12. Related party transactions

The Group had related party transactions with associated persons or corporations which were undertaken in the normal course of operations, as well as the private placements described in Note 18.

Historical related party transactions with Minvest RM are disclosed in Note 11. There have been no transactions with Minvest RM in 2018 (2017: no transactions).

13. Common share options and equity settled RSUs

With effect from July 1, 2016, certain Company non-executive directors have elected to receive all or some of their director fees payable in common share options. Director, officer, employee and consultant common share options were granted, exercised and cancelled as follows:

	Number of options ('000)	**Weighted average exercise price (dollars)**
Balance - December 31, 2016	26,745	0.77
Options granted	1,056	0.31
Options expired	(1,475)	1.88
Options exercised	(13)	0.40
Balance - December 31, 2017	26,313	0.69
Options granted	**177**	**0.38**
Options expired	**(2,260)**	**1.76**
Balance - March 31 2018	**24,230**	**0.59**

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

13. Common share options and equity settled RSUs (continued)

Certain officers and employees of the Company were issued a total of 2,148,748 Restricted Share Units ("RSUs") during 2017. These RSUs have vesting dates related to the achievement of certain milestones and the expense relating to them is amortized over this period. At March 31, 2018, equity settled RSUs held by directors, officers and employees have been expensed as follows:

	Equity settled RSUs (000's)	Price per common share (dollars)	Value
Balance - December 31, 2016	-	-	-
Expense recognised	1,445	0.38	549
Cancelled	(404)	0.38	(153)
Balance - December 31, 2017	**1,041**	**0.38**	**396**
Expense recognised	402	0.37	150
Balance - March 31, 2018	**1,443**	**0.38**	**546**

14. Loss per share

	3 months ended March 31 2018	2017
Loss for the period attributable to owners of the parent	**6,931**	9,345
Weighted-average number of common shares (000's)	**384,453**	384,447
Basic and diluted loss per share	**$0.02**	$0.02

15. Commitments and contingencies

The following is a summary of Canadian dollar equivalent of the contractual commitments of the Group, including payments due for each of the next five years and thereafter:

	Total	2018	2019	2020	2021	2022	Thereafter
Operating lease commitments							
Rosia Montana exploitation license	417	278	139	-	-	-	-
Surface concession rights	1,102	33	33	33	33	33	937
Property lease agreements	61	61	-	-	-	-	-
Total commitments	1,580	372	172	33	33	33	937

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

16. Segmental information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's Chief Executive Officer.

The Group has two segments: the first being the Romanian operating company, the principal activity of which was formerly the exploration, evaluation and development of precious metal mining projects in the country (designated as "Romania"). The rest of the entities within the Group form part of a secondary segment (designated as "Corporate").

The segmental report is as follows:

	Romania		**Corporate**		**Total**	
For the three-month period ended March 31,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	**-**	-	**(77)**	(62)	**(77)**	(62)
Finance costs - convertible note accretion	**-**	-	**1,902**	1,690	**1,902**	1,690
Depreciation	**10**	30	**8**	11	**18**	41
Reportable segment loss	**2,405**	1,978	**4,526**	7,367	**6,931**	9,345

As at March 31,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets and assets classified as held for sale	**6,677**	14,903	**37,041**	55,038	**43,718**	69,941
Reportable segment non - current assets	**646**	598	**46**	60	**692**	658
Reportable segment liabilities	**(1,446)**	(1,387)	**(70,376)**	(64,133)	**(71,822)**	(65,520)

The Group's assets classified as held for sale are predominantly located in various port facilities within the European Union.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

17. Private placements

In 2014 and 2016, the Company completed private placements with existing shareholders and a new investor (the "Private Placements"). A total of 90,625 units were issued pursuant to the Private Placements at a price of $1,000 per unit to raise aggregate gross proceeds of $90.625 million.

Subsequent to initial measurement, the debt component of the Private Placements is measured at amortized cost using the effective interest rate method. The valuation of the equity component is not adjusted subsequent to the initial recognition except on conversion or expiry.

There are two derivatives that are embedded within the convertible notes to the Private Placements: a 'make-whole premium' to protect holders of the convertible notes in a change of control event as stated in the note indenture; and a 'common share repayment right' providing the Company with the right to repay the principal in Common Shares at a discounted amount of 95% of par at maturity. As at March 31, 2018, these two embedded derivatives were determined to have insignificant initial values and were accordingly not accounted for, but will be reassessed by Management at each reporting date.

The aggregate composition of the Private Placements is set out in the following table:

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	52,205	461	51,744
Equity component of convertible debentures	45,213	642	44,571
Warrants	32,573	417	32,156
Charge on issue of in-the-money equity instruments	(34,366)	-	(34,366)
Proceeds of private placement	95,625	1,520	94,105

In accordance with IAS 7, changes in the value of the Private Placements are as follows:

Balance - December 31, 2016	**56,154**
Interest paid	(24)
Interest accretion	7,071
Balance - December 31, 2017	**63,201**
Interest paid	-
Interest accretion	1,902
Balance - March 31, 2018	**65,103**

18. Contingent liabilities

As at March 31, 2018, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse impact to the Company's financial position.

RMGC has been subject to two tax inspections by the Romanian National Agency for Fiscal Administration (the Agenția Națională de Administrare Fiscală – "ANAF") in relation to the value added tax ("VAT") previously claimed by RMGC in respect of the purchase of goods and services in the period 2011 to 2016.

The first inspection was concluded by ANAF in July 2016 and assessed a liability with interest and penalties of RON 42.9m (then approximately $13.7 million). This 2016 assessment was successfully challenged by RMGC and partially quashed in September 2016.

18. Contingent liabilities (continued)

Following the partial quashing of the 2016 assessment, a repeat inspection was undertaken ANAF and on July 5, 2017 RMGC received a new VAT Assessment of RON 27 million, approximately $8.6 million at July 5, 2017 ("VAT Assessment"). This amount does not include the assessment for interest and penalties discussed below.

The VAT Assessment was due for payment on August 5, 2017. On August 9, 2017, RMGC challenged the validity of the VAT Assessment before the ANAF — Direcţia Generală de Soluţionare a Contestaţiilor - the Directorate-General for the Settlement of Complaints. It is the Company's understanding that such challenge should have been determined by ANAF pursuant to the Fiscal Procedure Code within six months of the date of the lodging of RMGC's challenge application, however no decision was issued by ANAF within such period.

RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal on August 10, 2017. On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC's request for a stay of enforcement of the VAT Assessment, pending the determination of RMGC's annulment challenge of the VAT Assessment (as described below). RMGC received a copy of the Court of Appeal's written decision on March 2, 2018. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date for such appeal has yet been set. RMGC has filed a statement of defence in response to ANAF's appeal.

On April 5, 2018, RMGC filed a statement of claim with the Alba Iulia Court of Appeal for the annulment of the VAT Assessment. An initial hearing date for such annulment proceedings has not yet been set.

Further to the VAT Assessment, and notwithstanding the Court of Appeal's decision of October 2, 2017, RMGC received a further demand from ANAF for RON 18.6 million, approximately $6.0 million, in interest and penalties on October 23, 2017. The Company believes that the procedure followed by ANAF to arrive at the VAT Assessment, and the subsequent interest and penalties, was improper and unlawful. The Company, along with RMGC, intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets. The Company considers that the outflow of economic resources in respect of the VAT Assessment is not probable, and consequently no liability has been recognized at March 31, 2018.