



GABRIEL  
*Roşia Montană*  
IN PARTNERSHIP

## PRESS RELEASE

FOR IMMEDIATE RELEASE

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### 2019 First Quarter Report

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces the publication of its First Quarter Financial Statements and Management’s Discussion and Analysis Report for the period ended March 31, 2019.

#### Summary

- Gabriel remains focused on the progression of its arbitration case against Romania under the rules of the International Centre for Settlement of Investment Disputes (“ICSID”), part of the World Bank (“ICSID Arbitration”).
  - On February 28, 2019, Gabriel filed its comments with ICSID on the ‘amicus curiae’ submission made by certain non-governmental organizations who have opposed the Roşia Montană gold and silver project (the “Roşia Montană Project”) for many years.
  - Romania is to file its rejoinder with ICSID (“Rejoinder”), its final substantive submission, by May 24, 2019.
- The net loss for the first quarter of 2019 was \$7.7 million (Q4 2018 \$12.7 million).
- On January 15, 2019 the Company announced the receipt of US\$4.8 million upon the final closing of a non-brokered private placement announced in December 2018 (the “December 2018 Private Placement”), raising gross proceeds of US\$20 million (approximately \$26.3 million).
- As at March 31, 2019, the Company held \$16.7 million of cash and cash equivalents.
- The Company believes that it has sufficient sources of funding to cover its planned activities through November 2019 and is currently planning to raise additional financing in 2019.
- On February 6, 2019, the Alba Iulia Court of Appeal ruled in favour of the annulment challenge by Gabriel’s Romanian subsidiary, Roşia Montană Gold Corporation S.A. (“RMGC”), to the assessment of a liability for value added tax in the amount of RON 27m (the “VAT Assessment”) made by the Romanian National Agency for Fiscal Administration (“ANAF”). ANAF has appealed this decision, however no hearing date has yet been set. RMGC will contest this appeal.
- With effect from June 1, 2019, the Board has appointed Mr. Richard Brown, who is currently Chief Commercial Officer and Corporate Secretary, as Chief Financial Officer (“CFO”). Mr. Simon Lusty, who is currently the Group General Counsel, will replace Mr. Brown as Corporate Secretary with effect from May 16, 2019. Mr. Vaughan who had indicated his wish to resign from the Group prior to these changes, has agreed to continue to act as a consultant in connection with the ongoing ICSID Arbitration case.

Dragos Tanase, Gabriel’s President and Chief Executive Officer, stated:

“Gabriel will continue to focus on the preparation for the ICSID Arbitration hearings, scheduled to be held in December 2019, and on reinforcing the compelling arguments supporting the \$5.7 billion claim.”

***Further information and commentary on the results in the first quarter of 2019 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q1 2019 and related Management’s Discussion & Analysis on SEDAR at [www.sedar.com](http://www.sedar.com) and each is available for review on the Company’s website at [www.gabrielresources.com](http://www.gabrielresources.com).***

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## Further Information

### Status of the ICSID Arbitration

- The ICSID Arbitration seeks compensation for all of the losses and damages suffered by the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together “Claimants”), resulting from the Romanian State’s wrongful conduct and its breaches of the protections afforded by certain treaties for the promotion and protection of foreign investment to which Romania is a party against expropriation, unfair and inequitable treatment and discrimination in respect the Roşia Montană Project and the prospective gold, silver and porphyry copper deposits in the neighbouring Bucium concession area (“Projects”) and related licenses.
- On May 25, 2018, Romania supplemented its counter-memorial (“Counter-Memorial”) filed on February 22, 2018 by filing a further preliminary objection to the jurisdiction of the Tribunal (“Jurisdictional Challenge”) with ICSID.
- On November 2, 2018, Claimants filed its reply with ICSID (“Reply”), a comprehensive rebuttal of the legal and factual contentions raised in the Counter-Memorial, and its response to the Jurisdictional Challenge.
- On February 28, 2019, the Claimants and the Respondent filed their comments on an amicus curiae submission to the Tribunal by certain non-governmental organizations (or “non-disputing parties”) who have opposed the Project for many years.
- The schedule established by procedural orders of the Tribunal prescribes the following future key dates for 2019:
  - Romania to file its Rejoinder and its reply on the Jurisdictional Challenge by May 24, 2019.
  - Gabriel to file its surrejoinder on the Jurisdictional Challenge by June 28, 2019.
  - The Tribunal to hold a hearing on the merits of the claim in Washington D.C. from December 2 to 13, 2019.
- A redacted version of the Reply was published on the ICSID website on February 8, 2019 following completion of a process prescribed by the procedural orders of the Tribunal.

### VAT Assessment

- As previously reported, the VAT Assessment levied against RMGC (together with a further demand in respect of related interest and penalties) by ANAF relates to VAT refunds 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 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. On February 6, 2019, the Alba Court of Appeal ruled in favour of RMGC’s annulment challenge of the VAT Assessment. On February 28, 2019, RMGC received a copy of the Alba Court of Appeal’s written decision. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date has yet been set. RMGC is contesting this appeal.

- 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. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice. On February 28, 2019, the High Court of Cassation and Justice dismissed ANAF's appeal and the stay of enforcement remains in effect.
- 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.

#### **Extension of the License**

- RMGC holds the License for the Project which is due to expire on June 21, 2019. RMGC, as the titleholder of the License, has the right to extend the term of the License for successive subsequent five-year periods. In March 2019, RMGC submitted an application to the Romanian National Agency for Mineral Resources ("NAMR") requesting the extension of the term of the License for a further period of five years. RMGC awaits the approval of the extension application by NAMR.

#### **Liquidity and Capital Resources**

- On January 15, 2019, the Company completed closing of the non-brokered December 2018 Private Placement with certain existing securityholders for gross proceeds of US\$20 million (approximately \$26.3 million).
- Cash and cash equivalents at March 31, 2019 were \$16.7 million.
- The Company's average monthly cash usage during Q1 2019 was \$2.6 million (Q4 2018: \$4.8 million). The higher cash usage in Q4 2018 was due principally to the significant legal and other advisory services required by the Company for the preparation and submission of the Reply in November 2018. At the end of Q1 2019, accruals for costs in respect of the ICSID Arbitration amounted to \$0.3 million (Q4 2018: \$1.8 million). The reduction in accruals in Q1 2019 was due principally to the lack of Arbitration related activity in the period.
- The Company believes that it has sufficient sources of funding to cover its planned activities through November 2019. The Group will require additional funding to maintain its primary assets, including its License and associated rights and permits, and to fund the estimated costs associated with the Company advancing the ICSID Arbitration. Management is currently planning to raise additional financing in 2019 and continues to review the Company's activities in order to identify areas to rationalize expenditures.

#### **Financial Performance**

- The net loss for the first quarter of 2019 was \$7.7 million, an increase of \$0.8m from a loss of \$6.9 million in the corresponding period in 2018, primarily due to the significantly higher 2018 legal and other advisory activity levels following the filing by Romania of its Counter-Memorial being offset by higher share based compensation costs in the period following stock option awards to employees in the period relating to long term incentive compensation for performance in 2018.

#### **Management Changes**

- The Company's current CFO Mr. Vaughan became part time in his role from October 2017 and recently confirmed his intention to resign from Gabriel's wholly owned subsidiary RM Gold (Services) Ltd. ("RMGS"). Mr. Brown, who is currently Chief Commercial Officer and Corporate Secretary, has agreed to undertake the duties and responsibilities of the CFO role and the Board has formally appointed him to that position effective from June 1, 2019. Allied to this change, Mr. Lusty, the Group General Counsel, will replace Mr. Brown as Corporate Secretary and has been appointed by the Board to that position, effective May 16, 2019. The Board wishes to put on record its thanks and appreciation for the contribution made to Gabriel by Mr. Vaughan since he joined the Group in 2011. Mr. Vaughan has agreed to continue to act as a consultant in connection with the ongoing ICSID Arbitration case.

## About Gabriel

Gabriel is a Canadian resource company listed on the TSX Venture Exchange. The Company's principal focus has been the exploration and development of the Roşia Montană gold and silver project in Romania ("Roşia Montană Project"). The Roşia Montană Project, one of the largest undeveloped gold deposits in Europe, is situated in the South Apuseni Mountains of Transylvania, Romania, an historic and prolific mining district that since pre-Roman times has been mined intermittently for over 2,000 years. The exploitation license ("License") for the Roşia Montană Project is held by Roşia Montană Gold Corporation S.A., a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roşia Montană S.A., a Romanian state-owned mining company. It is anticipated that the Roşia Montană Project would bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP and generate thousands of employment opportunities.

Upon obtaining the License in June 1999, the Group (as defined below) focused substantially all of their management and financial resources on the exploration, feasibility and subsequent development of the Roşia Montană Project. Despite the Company's fulfilment of its legal obligations and its development of the Roşia Montană Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Roşia Montană Project without due process and without compensation. Accordingly, the Company's current core focus is the ICSID Arbitration. For more information please visit the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

## Forward-looking Statements

This press release contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this press release, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: the ICSID Arbitration, actions by the Romanian Government, conditions or events impacting the Company's ability to fund its operations (including but not limited to the completion of further funding noted above) or service its debt, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below, that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "is of the view", "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:

- delay or extension to the duration of the ICSID Arbitration;
- required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- changes in the liquidity and capital resources of Gabriel, and the group of companies of which it is directly or indirectly parent ("Group");
- access to funding to support the Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of new or existing securities in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the TSX Venture 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 fiscal investigations; 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 regimes and interpretation of existing and future fiscal and other legislation;
- volatility of currency exchange rates, metal prices and metal production;
- the availability and continued participation in operational or other matters pertaining to the Group of certain key employees and consultants; and
- risks normally incident to the exploration, development and operation of mining properties.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this press release 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 which can be viewed online at [www.sedar.com](http://www.sedar.com).

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