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 and nine-month periods ended September 30, 2015 and 2014.

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 and nine-month periods ended September 30, 2015 and 2014 ("Statements"). These 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 unaudited condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, 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 November 10, 2015, and the Company's public filings, including its most recent Annual Information Form, can be reviewed on the SEDAR website (www.sedar.com).

Overview

Gabriel is a Toronto Stock Exchange listed Canadian resource company, whose activities have been focused on permitting and developing the Roșia Montană gold and silver project (the "Project") in Romania over the past seventeen years. The exploitation license for the Project, the largest undeveloped gold deposit in Europe, 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. Gabriel holds a right of first refusal to acquire the minority interest in RMGC.

The Project has the potential to provide both a significant boost to the Romanian economy as a whole and to stimulate growth and development of the Apuseni region, which was an important mining district for many centuries.

The Company has always been firmly committed to creating value for all stakeholders and to building a state-of-the-art mine for Romania from a safety-led, technically advanced and environmentally responsible approach to mining based on European Union ("EU") recognized best available techniques. The Company has sought to achieve a legacy of sustainable development while preserving the area's cultural heritage and removing severe historical pollution in the region (caused by unregulated mining practices and a lack of remediation after cessation of mining, most recently through the Romanian state's mining operations at Rosia Montana until 2006), for the benefit of future generations.

Key Issues

Romania has blocked and prevented implementation of the Project without due process and without compensation. As a consequence, in July 2015, the Company was left with no alternative but to file a request for arbitration against Romania before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") to protect its rights in relation to the Project under applicable treaties for the promotion and protection of foreign investment to which Romania is a party ("Request for Arbitration").

Despite the initiation of arbitration proceedings, the Company is open to engagement with the President, the Prime Minister and the Romanian Government ("Romanian Authorities") to achieve an amicable resolution of the dispute. No such engagement has occurred in the year to date..

Notice of Dispute

In January 2015, the Company announced that it had issued a notification of dispute (the "Notice") to the President and Prime Minister of Romania on behalf of Gabriel and certain of its affiliates, pursuant to the provisions of certain international bilateral investment protection treaties, requesting that the Romanian Authorities engage formally with Gabriel in a process of consultation in order to find an amicable resolution regarding, *inter alia*, the failure of the Romanian Authorities to address properly permitting and related matters, preventing development, construction and operation of the Project (the "Dispute").

Request for Arbitration

On July 21, 2015, Gabriel and Gabriel Resources (Jersey) Ltd. filed the Request for Arbitration pursuant to the provisions of bilateral investment protection treaties which the Government of Romania 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").

The Treaties exist as an encouragement and reciprocal protection of investments agreed between sovereign states, and each state offers various protections to foreign investors from the other state to give both parties to an investment confidence in their rights, the investment process and the expected outcomes. Obligations under the Treaties are directly enforceable by investors against states through international arbitration in a neutral venue.

Through its actions and inactions, Romania has effectively deprived Gabriel entirely of the value of its investments. Romania thus has subjected Gabriel and its investments to treatment in breach of the obligations undertaken by Romania under the Treaties, causing significant losses to Gabriel. In the Request for Arbitration, Gabriel is seeking the full relief owed to it under the provisions of the Treaties for the deprivation of its rights to develop the Project.

Gabriel filed the Request for Arbitration following the failure of the Romanian Authorities to respond to the Notice and to the further letters of request for consultation sent by Gabriel in April and May 2015.

On July 30, 2015, ICSID notified Gabriel and Romania that the Request for Arbitration had been registered. ICSID's registration of the Request for Arbitration formally institutes the arbitral proceedings between Gabriel and Romania. The details of the registration are available on ICSID's website at http://icsid.worldbank.org/ICSID/.

The current phase in the proceedings is to constitute the tribunal that will adjudicate the arbitration. The tribunal will be composed of three arbitrators, one arbitrator nominated by Gabriel, one arbitrator nominated by Romania, and the third (presiding) arbitrator to be appointed by agreement of the parties, or failing such agreement, by ICSID. Gabriel has appointed Stanimir Alexandrov, a Bulgarian national. Romania has nominated Zachary Douglas, an Australian national. The president of the tribunal has not yet been appointed.

Gabriel continues to seek engagement at a senior level with the Romanian Authorities in order to resolve the Dispute amicably. However, Gabriel is also fully committed to the protection of its rights and interests in Romania and, in the absence of any willingness by the Romanian Authorities to engage in dialogue, the Company has been left with no alternative but to seek legal recourse through the Request for Arbitration. Gabriel has engaged White & Case LLP to advise it in this matter.

Background to the Dispute

Since obtaining the rights to develop the Project, Gabriel has been firmly committed to its realization and to date has sourced funding in excess of $700 million which has been invested to finance and develop the Project.

Over many years, in reliance on numerous representations made and actions taken by the Romanian Authorities and other Romanian administrative bodies charged with assessment of the Project ("Romanian Administration"), Gabriel has complied in good faith with its obligations under Romanian law and diligently pursued the development of the Project as a productive, high-quality, sustainable and environmentally responsible mining project, using best available techniques as recognized by the European Commission.

Unfortunately, to date, the actions and inactions of the Romanian Administration have prevented the Project from advancing to implementation. The Project has also become subject to a dysfunctional, politicised decision-making process in which it has been held hostage to conflicts between rival political factions and gross misinformation which has prevented a proper regulatory analysis by the administrative bodies charged with its assessment.

This state of affairs, among other things, has prevented action from being taken with regard to the environmental permit ("EP") for the Project, evidenced by the repeated delays to the technical analysis committee ("TAC") environmental impact assessment ("EIA") review process.

As a consequence of the negative impacts of the Romanian Administration's failure to treat the Project lawfully, the Company has had to implement cost-reduction measures including, amongst other things, a material, ongoing reduction in the workforce of Gabriel and RMGC from approximately 500 employees as at December 31, 2013 to approximately 70 as of the date of this MD&A, and further reducing to fewer than 40 at the end of November 2015.

Political Situation

During 2015 there have been ongoing challenges to the Prime Minister, Victor Ponta, including votes of no confidence in June and September which his government survived. The Romanian press has reported that Mr. Ponta has been charged, and has had assets seized by the National Anti-corruption Directorate ("DNA"), for alleged forgery of private documents and for being an accessory to tax evasion and money laundering, with trial proceedings initiated in late September. On July 12 Mr. Ponta resigned his presidency of the Social Democratic Party pending the outcome of the DNA case. Following street demonstrations in the aftermath of a fire at a night club in Bucharest that killed over 40 people, on November 4, 2015 Mr. Ponta tendered his resignation as Prime Minister of Romania, citing a view that he no longer enjoyed the support of the people.

The President of Romania, Klaus Iohannis, has subsequently appointed an interim acting Prime Minister, Sorin Campeanu, who is also Minister for Education. Any candidate proposed for the permanent position of Prime Minister must be approved by the Romanian Parliament as must the new cabinet to be formed and its programme for government of the country. New elections will result if Parliament rejects two nominations, and in any event a general election is scheduled for late 2016.

The level of Government engagement on the Project has been extremely limited for an extended period of time.

Environmental & Permitting

Environmental

Since the recommencement of the EIA review process in September 2010, the TAC has met on twelve separate occasions.

As previously disclosed, amongst other matters, all material environmental issues had been extensively considered and concluded upon at prior TAC meetings. The last TAC meeting held in April 2015 was inconclusive in fully addressing the agenda items raised and thus despite convening such meeting after Gabriel issued the Notice, Romania has failed to repair or redress the damage suffered by the failure to advance the environmental permitting process.

Permitting Overview

Although the EP is the most important approval for the Project, there are additional permits and approvals required to advance the Project to construction. These include periodic renewal of existing zonal urbanism plans for the industrial and protected areas, forestry/agriculture land use change permits, as well as other permits and approvals that follow the issuance of the EP.

The Company initiated the majority of the necessary permitting and approval processes for the development, construction and operation of the Project, and a brief summary of certain of the material rights, licenses, permits and approvals is set forth in prior securities filings by the Company.

Urbanism Plans & Certificates

All urbanism plans required for the Project are validly in place. As at the date of this document, RMGC holds 17 endorsements out of the 23 necessary for the approval of the zonal urbanism plan for the industrial area under the footprint of the proposed mine at Roșia Montană ("Industrial Area PUZ"), a proposed replacement for the existing Industrial Area PUZ. One of the endorsements previously held expired during Q3 2015 and a request for renewal has been submitted to the relevant authority. Following completion of the endorsement process, approval of the local councils of Roșia Montană, Abrud and Bucium will be required.

As at the date of this document, 9 out of the total of 13 endorsements necessary for the approval of the zonal urbanism plan for the Roșia Montană historical protected area have been obtained. One of the endorsements previously held expired during Q3 2015 and a request for renewal has been submitted to the relevant authority. Once the endorsement process is completed, approval of the local council of Roșia Montană will be required.

The local councils of Roșia Montană, Abrud and Bucium initiated the process in 2012 for new general urbanism plans for the respective localities ("PUGs"). These processes remain subject to a number of approvals, including public consultation. In July 2014, the existing PUGs for Roșia Montană and Abrud were extended, pending conclusion of the process for obtaining new PUGs, for a maximum further term of three years.

On April 22, 2013 Alba County Council issued a new urbanism certificate (UC-47) for the Project, initially valid for 24 months, subject to extension for a further maximum of 12 months. During Q1 2015, following a request by the Company, extension of the validity of UC-47 was approved by Alba County Council until April 2016.

Dam Safety Permits

New five-year safety permits for the Project's Corna and Cetate dams (subject to construction of the Project commencing within two years) were issued in the second quarter of 2015 by the Ministry of Environment, dated December 2014.

Litigation

Over the years several foreign and domestically-funded NGOs have initiated legal challenges against local, regional and national Romanian authorities that hold the administrative or regulatory authority to grant licenses, permits, authorizations and approvals needed for various aspects of the Project.

In general, these legal challenges claim that such authorities are acting in violation of the laws of Romania and seek suspension and/or cancellation of a particular license, authorization, permit or approval.

The publicly stated objective of the NGOs in initiating and maintaining these legal challenges is to use the Romanian court system to delay permitting approval of the Project as much as possible and ultimately to stop the development of the Project. Legal actions relating to the same license, authorization, permit or approval are often initiated by the NGOs in several different regional court jurisdictions.

For further details of the material legal actions related to the Project, see the section entitled "*Legal Challenges relating to the Project*" in Part IV of Gabriel's Annual Information Form dated March 12, 2015, a copy of which is filed on SEDAR at www.sedar.com. In addition, key developments in legal proceedings during 2015 to date have been reported in the relevant quarterly MD&A.

RMGC Withdrawal from Legal Proceedings

In light of the prevailing situation of the Project including, amongst other things, that the Romanian Authorities have blocked and prevented its implementation, and consistent with its undertaking to minimize costs, Gabriel has re-evaluated RMGC's involvement in a number of litigation cases pending before the Romanian courts, in which RMGC is acting as either plaintiff, third party intervenor or defendant in respect of disputes concerning the administrative documents, permits and/or authorizations issued for the Project.

After taking into account, amongst other matters, the continued failure of the Romanian Authorities to address the assessment procedures of the Project, the protracted and uncertain nature of the judicial process and the continued requirement for the Company to reduce its cost base and mitigate its losses, Gabriel has determined, and RMGC has resolved, to withdraw from a number of pending litigation cases, as described further below.

The majority of the aforementioned legal claims concern the claims of third parties challenging administrative deeds issued by public authorities directly or indirectly related to the Project. RMGC appears before the courts in these actions only as a third-party intervenor to support the position of the competent public authorities insofar as appropriate in view of the interests of RMGC as developer of the Project. Accordingly, the fact that RMGC will not continue as an intervenor will not terminate the proceedings. The public authorities remain the defendant in those actions and as such remain bound to continue to defend their position.

Recent Developments

The following section outlines certain developments that occurred in legal proceedings concerning the Project during the third quarter of 2015 and the status of RMGC's withdrawal from such proceedings:

- On December 10, 2014, RMGC initiated a legal action before the Bucharest Court of Appeal challenging the validity of a List of Historical Monuments approved by the Ministry of Culture and National Institute of Patrimony in 2010 ("2010 LHM"). RMGC contested the validity of the 2010 LHM on the basis that it substantially extended (without legal justification) the protection regime applicable to certain monuments within the perimeter of the Project, as compared to a 2004 list, and sought the rectification of the 2010 LHM. While not an indication of its view of the strength or merits of the case, but for the reasons outlined above, on October 16, 2015, RMGC submitted a request to the Bucharest Court of Appeal to discontinue this legal action. This request will be considered by the Court of Appeal at a hearing scheduled for November 17, 2015.

- On April 15, 2014, the Covasna Tribunal admitted a request filed by two NGOs for the annulment of the Strategic Environmental Assessment ("SEA") endorsement issued by the Regional Agency for Environmental Protection of Sibiu in March 2011, one of a number of endorsements required for the approval of the new Industrial Area PUZ. The ruling was appealed by RMGC, as an intervening party, and others to the Brasov Court of Appeal. At a hearing of the appeal on January 22, 2015, the proceedings were temporarily suspended pending the outcome of a plea initiated by RMGC challenging the 2010 LHM. This plea was rejected by a panel of the Brasov Court of Appeal on May 28, 2015. RMGC submitted an appeal challenging this decision to the Romanian Supreme Court. On October 16, 2015, RMGC submitted a request to the Supreme Court to discontinue the appeal proceedings and to bring forward a hearing set for February 2016 in order to acknowledge the discontinuance of such proceedings. That hearing has now been set for November 27, 2015. In addition, on October 21, 2015, RMGC submitted a request to the Brasov Court of Appeal to discontinue the appeal case pending before it and to set a date for a hearing to acknowledge its discontinuance. A hearing for the court to consider this request was set for November 19, 2015.

- On September 16, the Bacau Tribunal admitted a request filed by two NGOs for the suspension of the SEA endorsement. RMGC filed an appeal against this decision. On October 21, 2015, RMGC submitted a request to the Bacau Tribunal to give up the right to challenge the decision through appeal.

- On February 17, 2015, the Buzau Tribunal suspended the proceedings concerning a claim filed by three NGOs seeking the annulment of the Archaeological Discharge Certificate ("ADC") for the Carnic open-pit until a separate action initiated by RMGC before the Bucharest Court of Appeal challenging the validity of the 2010 LHM had been determined. This action before the Buzau Tribunal follows a decision of the Suceava Court of Appeal on April 15, 2014, which upheld an earlier court ruling that suspended the ADC. On October 27, 2015, RMGC submitted a request to the Buzau Tribunal to withdraw as an intervening party from the legal proceedings pending before it. The request shall be considered by the court at a hearing set for November 17, 2015.

- On May 28, 2015, the Bistrita Tribunal dismissed a claim registered by three NGOs seeking the annulment of UC-47. This decision was appealed by the NGOs in September 2015. On October 19, 2015, RMGC submitted a request to the Cluj Court of Appeal for the continuance of the legal proceedings pending before it in the absence of RMGC participating as a defendant.

- In July 2014, three NGOs submitted a claim to the Cluj Tribunal seeking the revocation of two decisions of the local council, namely LCDs 45 and 46/2002, which approved the PUG for Roșia Montană and the 2002 Industrial Area PUZ. In September 2015, an intervening party in the case submitted a request for recusal of the presiding judge due to concerns of potential bias. The presiding judge subsequently filed an abstention request to the Cluj Tribunal for the approval of her withdrawal from the case, which was accepted by the President of the Cluj Tribunal. On October 19, 2015, RMGC submitted a request to the Cluj Tribunal for the continuance of the legal proceedings pending before it in the absence of RMGC participating as a defendant.

Other Legal Proceedings

In November 2013, RMGC was informed of an investigation by the Ploiesti Public Prosecutor's Office (“PPPO”) into alleged tax evasion and money laundering on the part of the principals/key shareholder(s) of a group of companies including Kadok Interprest LLC (“Kadok Group”). The PPPO extended its investigation of the Kadok Group to at least 100 other companies, including RMGC, which had a short-term commercial relationship with the Kadok Group in 2012.

RMGC has lodged a challenge to the legality of a restriction order on the equivalent of $0.3 million held in one of RMGC’s Romanian bank accounts pending the outcome of the PPPO investigation. RMGC has cooperated fully with the PPPO and provided evidence to the PPPO of its legitimate business dealings with the Kadok Group. Notwithstanding periodic enquiries, RMGC has received no formal contact on the progress of the case from the PPPO in 2015.

Surface Rights

The Company owns approximately 78% of the homes and approximately 60% of the land by area in the Project footprint, comprising the industrial zone, the protected area and the buffer zone.

The Company’s ability to secure all surface rights within the Project footprint required for implementation of the Project is subject to a number of risk factors which are not within the Company’s control.

Archaeology and Preservation of Cultural Heritage

To realize the Project a number of archaeological discharge certificates for mining, construction and operation in various parts of the proposed Project footprint are needed. In order to obtain such discharge certificates, at its sole cost RMGC conducted extensive programmes of exploratory and preventative archaeology in order to ensure that valuable historical relics in the area are uncovered and preserved where appropriate.

The Company also funded a significant program of restoration and maintenance of houses, community buildings and previously unexplored old underground mining galleries, all located within, or beneath, the historical center of the village of Roșia Montană (“Protected Area”). The Company gave an undertaking to commit resources to preserve the important archeological areas that it has previously opened and restored in the event the Project is permitted to proceed.

Outlook

Notwithstanding the Request for Arbitration, the Company remains open to engagement formally from the Romanian Authorities in order to seek an amicable resolution of the Dispute that has been submitted to arbitration. In addition, in the short-term, the Company’s objectives also include:

- the protection of its rights and interests in Romania; and
- to continue to reduce the Company’s activities and costs to those that support the preservation of its core assets and rights and to carefully manage its cash resources.

Liquidity and Capital Resources

Cash and cash equivalents at September 30, 2015 amounted to $25.7 million.

The Company's average monthly net cash usage during Q3 2015 was $2.1 million, including increased legal services in respect of the arbitration proceedings; (H1 2015: monthly average $1.8 million, 2014: annual monthly average $2.3 million, 2013: annual monthly average $3.9 million). Excluding legal and other advisory services in respect of the arbitration proceedings, the average monthly net cash usage during Q3 2015 was $1.3 million (H1 2015: monthly average $1.5 million).

Legal services aside, the ongoing cost-saving measures to align Gabriel's cost base with the prevailing situation in relation to the regulatory assessment and permitting procedures for the Project have a long-term goal of the Company remaining financially strong for the foreseeable future.

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	**2015 Q3**	**2015 Q2**	**2015 Q1**	**2014 Q4**
Income Statement				
Loss - attributable to owners of parent	$ 4,630	$ 4,495	$ 3,531	$ 1,474
Loss per share - basic and diluted	0.01	0.01	0.01	0.00
Statement of Financial Position				
Working capital	20,994	24,050	31,012	37,220
Total assets	693,225	631,331	636,620	648,074
Statement of Cash Flows				
Investments in development and exploration including working capital changes	3,322	1,954	3,301	(169)
Cash flow from financing activities	-	(1,388)	3	(1,649)

in thousands of Canadian dollars, except per share amounts	**2014 Q3**	**2014 Q2**	**2014 Q1**	**2013 Q4**
Income Statement				
(Income) / loss - attributable to owners of parent	$ 1,984	$ (657)	$ 3,521	$ 527
(Income) / loss per share - basic and diluted	0.01	(0.00)	0.01	0.00
Statement of Financial Position				
Working capital	42,958	48,178	19,395	31,685
Total assets	662,177	689,604	679,073	658,308
Statement of Cash Flows				
Investments in development and exploration including working capital changes	4,038	5,386	8,957	13,363
Cash flow from financing activities	-	34,557	-	52

Review of Financial Results

	3 months ended September 30		**9 months ended September 30**	
in thousands of Canadian dollars, except per share amounts	**2015**	2014	**2015**	2014
Operating loss for the period	**$ 3,749**	$ 1,190	**$ 10,078**	$ 4,368
Loss for the period	**4,636**	2,042	**12,761**	5,416
Loss for the period - attributable to owners of parent[1]	**4,630**	1,984	**12,656**	4,848
Loss per share - basic and diluted	**0.01**	0.01	**0.03**	0.01

[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. The non-controlling interest portion of the 2014 and 2015 employee severance costs at RMGC has been attributed to the non-controlling interest.

Operating loss for the nine month period ended September 30, 2015 increased from the corresponding period in 2014. The increase was due to two primary factors, the first being share-based compensation reversals, which were $0.7m in the nine month period ended September 30, 2015 compared to $2.9 million in the corresponding period in 2014. The second factor is the incremental legal and advisory costs that have been incurred during the nine month period ended September 30, 2015 pursuant to the Dispute and Request for Arbitration. These two factors were offset by lower 2015 severance costs associated with employee restructuring at RMGC.

Accreted finance charges of $2.8 million on the Private Placement Notes[1] are reflected in the loss for the nine month period to September 30, 2015 (Q3 2014: $1.2 million).

RMGC costs incurred in the advancement of the Project are capitalized to Mineral Properties, as further discussed below under 'Investing Activities'.

Expenses

Corporate, General and Administrative

	3 months ended September 30		9 months ended September 30	
in thousands of Canadian dollars	**2015**	2014	**2015**	2014
Finance	**$ 151**	$ 92	**$ 446**	$ 407
External communications	**1**	18	**$ 161**	168
Information technology	**44**	69	**$ 96**	115
Legal	**2,278**	41	**$ 4,586**	214
Payroll	**814**	757	**$ 2,416**	2,271
Other	**150**	163	**$ 1,338**	629
Corporate, general and administrative expense	**$ 3,438**	$ 1,140	**$ 9,043**	$ 3,804

Corporate, general and administrative costs are those costs incurred by the management services operation in London, UK and at the Canadian parent.

The higher payroll costs for management services in the respective 2015 periods are as a result of exchange rate movements between the British pound (the currency in which payroll costs are settled) and the Canadian dollar.

Advisory costs in respect of the Dispute and Request for Arbitration incurred during the nine months to September 30 2015 amount to approximately $5.0 million, split between Legal ($4.4 million) and Other ($0.6 million). Excluding such advisory costs, corporate, general and administrative costs for the respective 2015 periods are in line with the corresponding 2014 periods.

[1] On May 30, 2014 the Company completed a private placement with a number of existing shareholders for gross proceeds of $35.0 million (the "Private Placement"). Each unit consists of convertible, subordinated, unsecured notes with a coupon of 8% (the "Notes"), common share purchase warrants and one arbitration value right, all as more fully described in the Financial Statements.

Severance Costs

In Q2 2015, following dialogue with relevant unions, concerned authorities and other stakeholders, the employment contracts of approximately 30 RMGC employees were terminated. The aggregate severance costs for the affected employees, which are disclosed in the Financial Statements, were approximately $0.6 million and have been paid during 2015. This follows a similar Q3 2014 restructuring of approximately 400 RMGC employees, on both permanent and temporary contracts, with an aggregate severance cost of $2.6 million (all paid in 2014).

Share Based Compensation

	3 months ended September 30		9 months ended September 30	
in thousands of Canadian dollars	**2015**	2014	**2015**	2014
DSUs and RSUs - (reversal) / expense	**$ (63)**	$ 131	**$ (19)**	$ 847
Stock option compensation - expense / (reversal)	**321**	(407)	**439**	(3,343)
Stock based compensation - expense / (reversal)	**$ 258**	$ (276)	**$ 420**	$ (2,496)
DSUs and RSUs - capitalization	**$ -**	$ -	**$ -**	$ -
Stock option compensation - capitalization / (reversal)	**501**	503	**(328)**	(3,821)
Stock option compensation - capitalization / (reversal)	**$ 501**	$ 503	**$ (328)**	$ (3,821)

Initially valued at the five-day weighted average market price of the Company's shares at the date of issue, deferred share units ("DSUs") and restricted share units ("RSUs") are revalued each period end based on the period end closing share price. The initial valuation of the DSUs and RSUs, and the effect on the valuation of DSUs and RSUs of the period-on-period change in share price, is either expensed or capitalized (the latter being for share units granted to personnel working on development projects). At September 30, 2015, the Company's share price was $0.26 (June 30, 2015: $0.28; March 31, 2015: $0.38), resulting in a reversal for the quarter on existing DSUs and RSUs. The reversal of the DSU expense in 2015 has been partly offset by the issue of new DSUs.

The estimated fair value of share options is calculated using the Black Scholes method as at the date of issue and amortized over the period over which the options vest, which is normally three years. 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 options, 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. The fair value of share options granted to personnel working on development projects is capitalized over the vesting period.

The reversal, during the nine month periods ended September 30, 2015 and 2014, of share option compensation previously expensed and capitalized is as a result of revised management expectations, given the lack of progress in permitting of the Project and the resulting delay in the attainment of performance conditions for performance based options. The revision of expected attainment of performance conditions has resulted in an expectation that a number of grants, with vesting commencing after the performance conditions have been attained, will expire prior to vesting, resulting in a reversal of prior expensing.

The expensing of share option compensation relating to performance based options, affected by the lack of progress in permitting of the Project has now been fully reversed. Consequently Management does not expect any further significant reversals in the future.

	3 months ended September 30		9 months ended September 30	
	2015	2014	**2015**	2014
Stock option compensation				
Number of stock options granted	**5,525,000**	-	**5,525,000**	7,575,000
Average value ascribed to each regular vesting option granted	**$ 0.40**	$ -	**$ 0.40**	$ 0.81
Options granted to corporate employees, officers, and directors	**2,775,000**	-	**2,775,000**	1,505,000
Options granted to development project employees and consultants	**2,750,000**	**-**	**2,750,000**	6,070,000
DSU compensation				
Number of DSUs issued	**-**	-	**560,000**	578,987
Average value ascribed to each DSU issued	**$ -**	$ -	**$ 0.39**	$ 1.15
RSU compensation				
Number of RSUs issued	**-**	-	**-**	289,873
Average value ascribed to each RSU issued	**$ -**	$ -	**$ -**	$ 0.79
Number of RSUs redeemed	**-**	-	**144,938**	-
Average value ascribed to each RSU redeemed	**$ -**	$ -	**$ 0.47**	$ -

An aggregate of 560,000 DSUs were issued to non-executive directors during the nine month periods to 2015 and 2014. Additionally, during Q1 2014, 18,987 DSUs were issued to a non-executive director, in lieu of Q4 2013 director's fees. DSUs vest on the date of issue.

A total of 289,873 RSUs were issued during the nine month period to September 30 2014 to named executive officers as compensation for 2013 performance. All of the RSUs issued vest in two equal tranches, at the first and second anniversary of each grant.

Finance Income

	3 months ended September 30		9 months ended September 30	
in thousands of Canadian dollars	**2015**	2014	**2015**	2014
Interest income	**$ 31**	$ 123	**$ 190**	$ 263

Interest income reflects the average holdings of cash and cash equivalents during the respective quarterly periods. Returns on Canadian government guaranteed instruments, in which the Company continues to invest, remain low.

As at September 30, 2015, approximately 90% of the Company's cash and cash equivalents were invested in Canadian government guaranteed instruments, with the majority of the balance held as cash deposits with major Canadian banks.

Finance Costs

in thousands of Canadian dollars	3 months ended September 30		9 months ended September 30	
	2015	2014	**2015**	2014
Financing costs - convertible note accretion	**$ 939**	$ 917	**$ 2,817**	$ 1,217

Finance costs for Q3 2015 relate to the accretion of the debt component of the Notes, which is measured at amortized cost using the effective interest rate method. The Notes and related Private Placement are discussed below under 'Financing Activities'.

Foreign Exchange

The Company expects to report non-material foreign currency gains and losses in the future as a result of reduced exposure to non-functional currencies.

Taxes

All tax assessments have been paid and provided for in Financial Statements.

Investing Activities

Most of the expenditures to date have been for identifying and defining the size of the four ore bodies, for engineering to design the size and scope of the Project, for 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, property acquisition and resettlement housing and infrastructure.

Mineral Properties

All costs incurred in Project exploration and development are capitalized to mineral properties.

in thousands of Canadian dollars	3 months ended September 30		9 months ended September 30	
	2015	2014	**2015**	2014
Finance and administration	**$ 476**	1,061	**$ 2,307**	$ 3,239
External communications	**169**	431	**796**	2,686
Legal	**360**	763	**1,282**	3,323
Permitting	**145**	281	**527**	1,375
Community development	**254**	359	**853**	2,288
Project management and engineering	**387**	388	**1,059**	1,291
Exploration - Rosia Montană	**207**	463	**602**	921
Other	**664**	(23)	**210**	(79)
Total exploration and development expenditures	**$ 2,662**	**$ 3,723**	**$ 7,636**	**$ 15,044**

As a consequence of ongoing cost reduction initiatives, total exploration and development expenditures are significantly lower for the respective 2015 periods than in the corresponding 2014 periods.

Finance and administration costs for the nine month period ended September 30, 2015 were $1.6m, a decrease period on period, due to the reduced employment costs at RMGC following the ongoing employee restructuring.

High levels of external communications and legal costs were incurred in early 2014 in response to the challenges to the Project arising in connection with a review of the Project by the Romanian parliament. There has since been significant ongoing reduction in communications activities at RMGC.

The decrease in permitting and Project management and engineering expenditures, compared to the prior year, is as a result of undertaking only those activities that are necessary to preserve the Company's assets. Project management costs are largely those costs associated with the storage and maintenance of the long-lead time equipment.

The Company has scaled back community development activities, in line with the reduction in workforce and overall costs, while still aiming to deliver upon its core commitments to sustainable development and corporate social responsibility.

Legal activities in Romania have been ongoing in the nine month period ended September 30, 2015, both supporting the Company's interests in various litigation matters and in maintaining good title to the licenses and permits that it currently holds. The costs associated with supporting the Company's interests in litigation matters are expected to reduce in the future following RMGC's ongoing withdrawal from certain legal proceedings.

Following the employee restructurings at RMGC, the Company has benefitted from direct and indirect employee-related cost savings and expects these to continue in the coming quarters pending progress with Project permitting.

Other costs are in respect of the resettlement obligations at RMGC which in 2015 include a significant $2.6 million reduction to the provision for resettlement liabilities, partly offset by a $2.4m aggregate movement in capitalized depreciation and asset disposals in respect of the close out of the majority of RMGC's resettlement contracts.

Purchase of Capital Assets

	3 months ended September 30		9 months ended September 30	
in thousands of Canadian dollars	**2015**	2014	**2015**	2014
Total investment in capital assets	**$ -**	$ 85	**$ 92**	$ 40
Depreciation and disposal - expensed	**$ 25**	$ 85	**$ 73**	$ 46
Depreciation and disposal - capitalized to mineral properties	**$ 1,518**	$ 76	**$ 1,705**	$ 146

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

Financing Activities

On May 30, 2014 the Company completed a Private Placement with a number of existing shareholders as follows:

in thousands of Canadian dollars	**Gross allocation**	**Financing fees**	**Net allocation**
Liability component of convertible debentures	29,272	371	28,901
Equity component of convertible debentures	1,716	21	1,695
Warrants	4,012	51	3,961
Arbitration value rights	-	-	-
Proceeds of private placement	35,000	443	34,557

The Company is using the proceeds of the Private Placement for general corporate purposes. The details of the Private Placement, accounting policies and valuation techniques are described in the Financial Statements.

Cash Flow Statement

Liquidity and Capital Resources

The main sources of liquidity are the Company's cash and cash equivalents, share option exercises and the equity and debt markets. At September 30, 2015, aggregate cash and cash equivalents were $25.7 million (June 30, 2015: $32.0 million; March 31, 2015: $38.8 million).

Working Capital

At September 30, 2015, the Company had working capital, calculated as total current assets less total current liabilities, of $21.0 million (June 30, 2015: $24.0 million; March 31 2015: $31.0 million).

At September 30, 2015, the Company had current liabilities of $5.8 million (December 31, 2014: $8.1 million). The decrease in 2015 is primarily due to a reduction in the provision for resettlement claims upon finalization of the amounts due to the majority of remaining claimants. This is partly offset by an increase in accounts payable in respect of legal advisory services related to the Dispute.

Related Party Transactions

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. In January 2014, the Group agreed to transfer to the non-controlling shareholder, 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 respective shareholdings in RMGC. The transfer of shares to Minvest RM has been reflected in the Financial Statements as a non-controlling interest and an increase in the accumulated deficit.

The Company advanced loans in the period 2004 to 2009 totaling US$39.5 million to the predecessor of Minvest RM (subsequently transferred to Minvest RM) to facilitate various statutory share capital increases in RMGC. The balance on the Minvest RM loans outstanding as at September 30, 2015 was US$39.5 million (December 31, 2014: US$39.5 million).

The above loans 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 have, accordingly, been set off against non-controlling interest in the Financial Statements. The loans and non-controlling interest component will be reflected individually in the Financial Statements, in accordance with IFRS at such time as repayment of the loans is made possible.

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. 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 resettlement option, the Company increased its mineral properties on the balance sheet as well as resettlement liabilities for the anticipated construction costs of the resettlement houses. As the construction took place, the cost of newly built houses was capitalized as construction in progress. After the transfer of legal title of the property RMGC reduced the amounts capitalized as construction in progress and at the same time reduced its resettlement liabilities. All resettlement associated costs remain capitalized in mineral properties and amortized over the life of the mine.

At September 30, 2015 the Company had accrued resettlement liabilities totaling $1.6 million (December 31, 2014: $4.2 million), which represents the contractual cost of both building the remaining new homes for the local residents and outstanding delay penalties. The 2015 reduction in this accrual from 2014 year end is due to the closure of the majority of the outstanding contracts during 2015.

The eight remaining homeowners who chose to resettle within Roșia Montană have signed various extension contracts which expire during 2015. As a result of the delay in delivery of these homes, RMGC pays a penalty of up to 20% of the agreed upon unpaid property value per year of delay as required by the agreement.

Contractual Obligations

The following is a summary of the Company’s contractual capital and operating lease commitments as of September 30, 2015, including payments due for each of the next five years and thereafter:

in thousands of Canadian dollars	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 +**
Capital commitments							
Resettlement	467	228	239	-	-	-	-
Operating lease commitments		-	-	-	-	-	-
Rosia Montană exploitation license	970	277	277	277	139	-	-
Surface concession rights	1,248	34	34	34	34	34	1,078
Property lease agreements	46	46	-	-	-	-	-
Total commitments	2,731	585	550	311	173	34	1,078

The Company and its subsidiaries have a number of agreements with arms-length 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 of mineral properties, benefits of future income tax assets, estimated useful lives of capital assets, valuation of share based compensation, valuation of fidelity bonus 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 Placement. 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 previous periods.

Going Concern

The underlying value of the Group's mineral properties, and in particular the Project, is dependent upon the existence and economic recovery of such proven ore body reserves in the future together with the ability of the Group to obtain all necessary permits and raise long-term financing to complete the development of the properties. In respect of the permitting process for the Project, as highlighted earlier in this document and in the Financial Statements, on January 20, 2015, the Company issued a formal notification to the President and Prime Minister of Romania on behalf of the Group to engage in a process of consultation. The purpose of the Notice was to seek an amicable resolution to determining a clear and robust path forward for permitting and construction of the Project, with a view to its development for the benefit of all stakeholders.

Further to the Notice, on July 21, 2015, Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited, filed a Request for Arbitration with ICSID. The purpose of the Request for Arbitration is for the Company to be compensated fully for its rights to develop the Project that have been denied by Romanian treaty violations. Notwithstanding the Request for Arbitration, the Company still seeks discussions to resolve the Dispute and believes that Romania can remedy its treaty violations and permit development of the Project, which is the Company's preferred outcome.

The filing of the Request for Arbitration highlights certain risks, uncertainties and other factors which include, without limitation, the attitudes and actions of the Romanian Government related to the Company's investment in Romania, including the response of the Romanian Authorities to the filing of the Request for Arbitration; the ability of the Company to realize value from its investments in Romania pursuant to the Treaties and international arbitration proceedings in the event that the Company and the Romanian Authorities do not reach an amicable resolution of the Dispute; the advancement of any international arbitration proceedings in a customary manner; the outcome of any international arbitration proceedings before arbitration tribunals as provided in the Treaties, including the timing and value of any arbitral award or settlement; the Company's expectation with regards to the amount of costs, fees and other expenses and commitments payable in connection with the arbitration; and any inability or delay in recovering from Romania the amount of any award or settlement.

In addition and insofar as the Company is able to reach an amicable resolution with Romania regarding the Dispute that allows for the development of the Project, the business of the Group may be subject to certain existing and future risks including, but not limited to, sovereign risk, including political and economic instability, changes in existing fiscal regime, changes in existing government regulations, for example, an increase in royalty rates or state ownership applicable to the Project, a ban on the use of cyanide in mining, designation of the Project area as an archeological site of national importance, government regulations relating to mining, which may delay or preclude the receipt of required permits or impede the Group's ability to acquire the necessary surface rights, as well as litigation risk against permits and the Project, currency fluctuations and local inflation. Political, public, and NGO opposition to the Project, and the multitude of legal challenges to permits issued in the past in respect of the Project demonstrate the significant risks that the Project faces.

The types of risks summarized above, if realized, may result in material events which adversely affect the Group's ability to continue as a going concern and consequently may result in the impairment or loss of all or part of the Group's assets. The base budget for 2015 for the Project includes only those expenditures and commitments to maintain the value of the Company's investment in mineral properties, maintain the mineral license and associated rights and permits. Should the Dispute be resolved amicably and the environmental permit be approved, the cost for the acquisition of remaining surface rights, completion of the engineering control estimate, and higher activity to acquire all permits and approvals required to apply for construction permits will exceed the Company's current cash and cash equivalents holdings. The Company has no source of operating cash flows and is reliant on its cash and cash equivalents in order to finance its activities and general, administrative and legal expenses. Furthermore, the Company does not have sufficient cash in place to fund the development of the Project should the Company receive the relevant permits.

The Company has been successful in obtaining its required funding in the past, however there is no certainty that the Company will be able to raise additional funding on commercially acceptable terms in the future. Failure to obtain additional funding could result in the curtailment of the Company's activities and impact its ability to fund the arbitration claim through to completion.

Considering the risks listed above, and in the context of the Group's financial resources, management's balanced assessment of the Company is that it remains a going concern. The Company has been accounted for as a going concern in the Financial Statements for the quarter ended September 30, 2015.

Recoverability of mineral properties

The Company has determined that the area covered by the Roșia Montană exploitation license contains economically recoverable reserves. The ultimate recoverability of the $607.4 million carrying value at September 30, 2015 (December 31, 2014: $546.8 million) plus related capital assets is dependent upon the Company's ability to resolve the Dispute with the Romanian Government, and obtain the necessary permits and financing to complete the development and commence profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

As part of management's periodic review process, management reviews all aspects of Project advancement issues along with potential indicators of asset impairment when preparing the Financial Statements. When impairment indicators are identified, which are assessed at each reporting period, it is management's policy to perform an impairment test in accordance with IAS 36 – Impairment of Assets.

IFRS 6 permits all exploration costs incurred before a company has obtained the legal rights to explore a specific area, and before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, to be expensed in the year that they are incurred. Management has determined that, under IFRS, and following the completion of a satisfactory feasibility study on the Project (most recently in 2006), exploration expenditures should be capitalized to Mineral Properties.

Following the Request for Arbitration, the Company has received no formal response from the Romanian State. Should this situation continue and there be no action by the Romanian State in the short-term to evidence that the environmental permit and construction permitting can be progressed on a timely basis, then the Company will review the carrying value of its mineral properties and related assets reflected in the Company's statement of financial position. Such a review could lead to a significant, if not a complete, impairment of the assets, in particular mineral properties and property, plant and equipment

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 will be in effect when the differences are expected to 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.

Tax authorities in Romania have regularly initiated various tax audits to assess the appropriateness of the Company's tax filing positions. Regulators may interpret tax regulations differently than the Company, which may cause changes to the estimates made. The Company continues to vigorously pursue all tax claims which it believes are legally due.

All tax assessments which have been received have been paid and provided for in the Financial Statements.

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 the useful lives of assets reflect the intended use of those assets.

Valuation of share based compensation

The Company utilizes share options, DSUs and RSUs as a means of compensation. Share 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 and RSUs are initially valued at the five-day weighted average market price of the Company's common shares preceding the date of issue, and are 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 fidelity bonus and other benefits

Pursuant to a collective bargaining agreement between RMGC and its employees, which is renewable from time-to-time, employees of RMGC are entitled, under certain conditions, to a bonus based on years of uninterrupted service as well as other benefits relating to death. The obligation is determined using an actuarial basis and is affected by a number of assumptions and estimates. The actuarial valuation is performed annually, and management reviews the assumptions and estimates annually for appropriateness.

Valuation of the Private Placement

The units issued by the Company on May 30, 2014 pursuant to the Private Placement consisted of convertible, subordinated, unsecured notes, warrants and arbitration value rights. 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 the convertible notes. The equity component of the convertible notes is recognized initially at the difference between the fair value of the Private Placement as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. A nil value has been initially ascribed to the arbitration value rights. The Private Placement contains two embedded derivatives, both of which were initially valued at nil, with no subsequent adjustment in value accounted for.

Financial instruments and other instruments

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 when managing capital is to safeguard its accumulated capital in order to be able to fund development of the Project. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures. In the event that the Dispute is resolved and the Romanian Government issues the EP, the Company will initiate a review of its financing requirements over the short and medium term. While the Company expects that in that event it will be able to obtain equity, long-term debt and/or project-based financing sufficient to build and operate the Project, there are no assurances that such initiatives will be successful. 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. 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.

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 and are currently within expected collection terms.

Liquidity risk

The Company has the ability to repay the convertible unsecured 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. The Group has sufficient funds as at September 30, 2015 to settle all current and other long-term liabilities.

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 Leu, US dollars, UK pounds sterling 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 September 30, 2015 the Group held 93% of its cash and cash equivalents in Canadian dollars.The Company has not entered into any derivatives hedging activities.

Sensitivity

Based on management's knowledge and experience of the financial markets, the Company believes, based on its balance of cash and cash equivalents as at September 30, 2015, the following movements are "reasonably possible" over a twelve-month period:

- Cash and cash equivalents. A plus or minus 1% change in earned interest rates would affect net income by $0.3 million.
- The Company holds minor balances in foreign currencies and this gives rise to exposure to foreign exchange risk. A plus or minus 1% change in foreign exchange rates would affect net income by less than $0.1 million.

Risks

The following list details existing and future material risks to the business of the Group. The risks described below are not listed in any particular order and 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 the Company's securities.

Each of these risk factors is discussed in more detail in the Company's Annual Information Form, which is filed for public inspection on www.sedar.com.

- Political and Economic Risks of Operating in Romania
- Notice of Dispute and Arbitration Claim
- Permitting Process
- Acquisition of Surface Rights and Resettlement
- Mineral Tenure Rights
- Legal Challenges
- Proposed Adverse Legislative Initiatives
- Tailings Incidents
- Closure of the State Run Mining Operations
- Compliance with Anti-Corruption Laws
- UNESCO World Heritage List
- Project Development
- Insurance and Uninsurable Risks
- Project Financing
- Convertible Notes
- Global Economic Conditions
- Dilution
- Mineral and Commodity Prices
- Currency Fluctuations
- Market Price Volatility
- Dependence on Management and Key Personnel
- Competition
- Enforcement of Civil Liabilities
- No History of Earnings or Dividends
- Mining Exploration and Development
- Mineral Reserve and Mineral Resource Estimates
- Environmental and other Regulatory Requirements
- Infrastructure
- Accounting Policies and Internal Controls
- Conflict of Interest

CEO/CFO Certification

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings.*

The CEO and CFO certify that, as at September 30, 2015 the Company's DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Due to the inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all fraud or misstatements. Further, the effectiveness of internal control over financial reporting and disclosure is subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with policies or procedures may change. The CEO and CFO will continue to monitor the effectiveness of the Company's internal control over financial reporting and disclosure controls and may make modifications from time to time as considered necessary or desirable.

The control framework the Company's CEO and CFO used to design the Company's ICFR is the *Internal Control – Integrated Framework (Updated Framework)* published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013.

There is no limitation on scope of design as described in paragraph 5.3 of NI 52-109. There has been no change in the Company's ICFR that occurred during the three-month period ended September 30, 2015 which has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Outstanding Share Data

The Company's fully diluted share capital as at November 9, 2015 was:

	Outstanding
Common shares	384,149,500
Common stock options	30,105,000
Deferred share units - common shares	1,672,549
Restricted share units - common shares	269,935
Warrants	13,930,000
Convertible notes	27,895,000
Fully diluted share capital	**458,021,984**

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 Gabriel's operating environment.

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

These forward-looking statements may refer to the Company's intentions, hopes, beliefs, expectations or predictions for the future. In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiaries to be materially different from those expressed or implied by such forward-looking statements.

These risks, uncertainties and other factors include, without limitation, the attitudes and actions of the Government of Romania related to the Company's investment in Romania, including the response of the Romanian Authorities to the filing of the Request for Arbitration; the ability of the Company to realize value from its investments in Romania pursuant to the Treaties and international arbitration proceedings in the event that the Company and the Romanian Authorities do not reach an agreement regarding development, construction and operation of the Project; the advancement of any international arbitration proceedings in a customary manner; the outcome of any international arbitration proceedings before arbitration tribunals as provided in the Treaties, including the timing and value of any arbitral award or settlement; the Company's expectation with regards to the amount of costs, fees and other expenses and commitments payable in connection with the arbitration; the availability of future financing on commercially acceptable terms to fund the arbitration through to completion; and any inability or delay in recovering from Romania the amount of any award or settlement.

In addition, such risks, uncertainties and other factors include, without limitation, the political and economic risks of operating in Romania, including those related to controls, regulations, political or economic developments and government instability in Romania; permitting risks, including the risk that permits and governmental approvals necessary to develop and operate the Project will not be available on a timely basis or at all; risks of maintaining the validity and enforceability of necessary permits and risks of replacing expired/cancelled permits and approvals; uncertainties relating to the assumptions underlying the Company's mineral resource and mineral reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs; risks related to the subjectivity of estimating mineral resources and mineral reserves and the reliance on available data and assumptions and judgments used in interpretation of such data; risk related to the acquisition of all necessary surface rights for the development of the Project, including the risk that the Company may not acquire all such rights, or acquire such rights at acceptable prices; risks of defective title to mineral property, including the risk of successful legal challenges to the validity of the Company's exploitation license; risks related to the Company's ability to finance the development of the Project through external financing, strategic alliances, or otherwise; litigation risks, including the uncertainties inherent in current and future legal challenges relating to the Project; uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories; the difficulty of predicting decisions of judges and the possibility that decisions may be reversed on appeal; uncertainties relating to prices for energy inputs, labor, material costs, supplies and services; risks related to changes in law and regulatory requirements, including environmental regulation; risks related to the future market prices of gold and silver and other mineral and commodity price fluctuations, and volatility in metal prices; risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto; risks associated with maintaining substantial levels of indebtedness, including potential financial constraints on operations; dependence on cooperation of state-owned joint venture partner in the development of the Project; risks related to the loss of key employees and the Company's ability to attract and retain qualified management and technical personnel; risks related to opposition to the Project from non-governmental organizations or civil society; and other risks identified in the filings by the Company with the Canadian securities regulatory authorities, including Gabriel's annual information form for the year ended December 31, 2014, which is available under the Company's profile on SEDAR at www.sedar.com.

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

Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended September 30, 2015

Condensed Consolidated Statement of Financial Position

As at September 30, 2015 and December 31, 2014
(Unaudited and expressed in thousands of Canadian dollars)

	Notes	**September 30 2015**	December 31 2014
Assets			
Current assets			
Cash and cash equivalents	5	**25,711**	44,156
Trade and other receivables		**39**	154
Prepaid expenses and supplies		**1,079**	990
Total current assets		**26,829**	45,300
Non-current assets			
Mineral properties	6	**607,425**	546,834
Property, plant and equipment		**58,433**	55,447
Other non-current assets		**538**	493
Total non-current assets		**666,396**	602,774
TOTAL ASSETS		**693,225**	648,074
Liabilities			
Current liabilities			
Trade and other payables		**3,620**	3,201
Resettlement liabilities	7	**1,594**	4,217
Other current liabilities		**621**	662
Total current liabilities		**5,835**	8,080
Non-current liabilities			
Convertible unsecured notes	14	**30,845**	29,416
Other non-current liabilities		**1,282**	1,552
Total non-current liabilities		**32,127**	30,968
TOTAL LIABILITIES		**37,962**	39,048
Equity			
Share capital		**868,086**	868,081
Other reserves		**52,941**	52,832
Currency translation adjustment		**12,297**	(35,216)
Accumulated deficit		**(304,394)**	(291,738)
Equity attributable to owners of the parent		**628,930**	593,959
Non-controlling interest	8	**26,333**	15,067
TOTAL EQUITY		**655,263**	609,026
TOTAL EQUITY AND LIABILITIES		**693,225**	648,074

Nature of operations (Note 1)

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

Condensed Consolidated Income Statement

For the three and nine-month periods ended September 30

(*Unaudited and expressed in thousands of Canadian dollars, except per share data)*

	Notes	3 months ended September 30 **2015**	3 months ended September 30 2014	9 months ended September 30 **2015**	9 months ended September 30 2014
Expenses					
Corporate, general and administrative		**3,438**	1,140	**9,043**	3,804
Severance costs		**28**	300	**542**	2,942
Share-based compensation		**258**	(276)	**420**	(2,496)
Depreciation		**25**	26	**73**	118
Operating loss		**3,749**	1,190	**10,078**	4,368
Other (income) / expense					
Interest received		**(31)**	(123)	**(190)**	(263)
Finance costs - convertible note accretion	14	**939**	917	**2,817**	1,217
Foreign exchange (gain) / loss		**(21)**	58	**56**	94
Loss for the period		**4,636**	2,042	**12,761**	5,416
Loss for the period attributable to:					
- Owners of the parent		**4,630**	1,984	**12,656**	4,848
- Non-controlling interest		**6**	58	**105**	568
Loss for the period		**4,636**	2,042	**12,761**	5,416
Basic and diluted loss per share	11	**$0.01**	$0.01	**$0.03**	$0.01

Condensed Consolidated Statement of Comprehensive Income

For the three and nine-month periods ended September 30

(*Unaudited and expressed in thousands of Canadian dollars)*

	3 months ended September 30 **2015**	3 months ended September 30 2014	9 months ended September 30 **2015**	9 months ended September 30 2014
Loss for the period	**4,636**	2,042	**12,761**	5,416
Other comprehensive loss / (income)				
- may recycle to the Income Statement in future periods				
Currency translation adjustment	**(67,974)**	25,886	**(58,884)**	15,319
Comprehensive loss / (income) for the period	**(63,338)**	27,928	**(46,123)**	20,735
Comprehensive loss / (income) for the period attributable to:				
- Owners of the parent	**(50,218)**	22,871	**(34,857)**	17,209
- Non-controlling interest	**(13,120)**	5,057	**(11,266)**	3,526
Comprehensive loss / (income) for the period	**(63,338)**	27,928	**(46,123)**	20,735

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

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the three and nine-month periods ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	Notes	9 months ended September 30 **2015**	2014
Common shares			
At January 1		**868,081**	868,081
Shares issued on the exercise of share options		**3**	-
Transfer from contributed surplus - exercise of share options		**2**	-
At September 30		**868,086**	868,081
Other reserves			
At January 1		**52,832**	53,352
Share-based compensation		**111**	(7,164)
Exercise of share options		**(2)**	-
Equity component of convertible notes, net of issue costs	14	**-**	1,695
Warrants, net of issue costs	14	**-**	3,961
At September 30		**52,941**	51,844
Currency translation adjustment			
At January 1		**(35,216)**	(14,930)
Currency translation adjustment		**47,513**	(12,361)
At September 30		**12,297**	(27,291)
Accumulated deficit			
At January 1		**(291,738)**	(264,990)
Loss for the period		**(12,656)**	(4,848)
Transfer of interest in Rosia Montana Gold Corporation	8	**-**	(20,426)
At September 30		**(304,394)**	(290,264)
Non-controlling interest			
At January 1		**15,067**	-
Transfer of interest in Rosia Montana Gold Corporation	8	**-**	20,426
Loss for the period		**(105)**	(568)
Currency translation adjustment		**11,371**	(2,958)
At September 30		**26,333**	16,900
Total shareholders' equity at September 30		**655,263**	619,270

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

Condensed Consolidated Statement of Cash Flows

For the three and nine-month periods ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	Note	9 months ended September 30 2015	2014
Cash flows used in operating activities			
Loss for the period		**(12,761)**	(5,416)
Adjusted for the following non-cash items:			
Depreciation		**73**	118
Share-based compensation		**420**	(2,496)
Finance costs - convertible note accretion		**2,817**	1,217
Unrealized foreign exchange (gain) / loss		**(562)**	63
Cash utilized in operations		**(10,013)**	(6,514)
DSU/RSU cash settlement		**(68)**	-
Changes in operating working capital:			
Unrealized foreign exchange loss		**616**	128
Increase / (decrease) in accounts payable		**1,226**	(555)
(Increase) / decrease in accounts receivable		**(98)**	1,462
		(8,337)	(5,479)
Cash flows used in investing activities			
Exploration and development expenditures		**(7,636)**	(15,044)
Purchase of property, plant and equipment		**(92)**	(48)
Changes in investing working capital		**(941)**	(3,337)
		(8,669)	(18,429)
Cash flows (used in) / provided by financing activities			
Proceeds from issuance of private placement - net of issue costs		**-**	34,557
Interest paid on convertible unsecured notes	14	**(1,388)**	-
Proceeds from the exercise of share options		**3**	-
		(1,385)	34,557
(Decrease) / increase in cash and cash equivalents		**(18,391)**	10,649
Effect of foreign exchange on cash and cash equivalents		**(54)**	(191)
Cash and cash equivalents - beginning of period		**44,156**	42,123
Cash and cash equivalents - end of period		**25,711**	52,581

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

Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2015

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

1. Nature of operations

Gabriel is a Toronto Stock Exchange listed Canadian resource company whose activities have been focused on permitting and developing the Roșia Montană gold and silver project (the "Project") in Romania. The exploitation license for the Project 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.

Since obtaining the Project's exploitation license in 1999, RMGC along with Gabriel and its subsidiary companies (together the "Group"), have focused their 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.

The underlying value of the Group's mineral properties, and in particular the Project, is dependent upon the existence and economic recovery of the proven ore body reserves in the future together with the ability of the Group to obtain all necessary permits and raise long-term financing to complete the development of the Project and its other properties.

Following many years of investment, permitting of the Project has not advanced. On January 20, 2015, the Company issued a formal notification to the President and Prime Minister of Romania on behalf of the Group to engage in a process of consultation ("Notice"). The Notice was issued pursuant to the provisions of international bilateral investment protection treaties, which the Romanian State has 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"). The Treaties exist as an encouragement and reciprocal protection of investments agreed between sovereign states, and each state offers various protections to investors from the other state to give both parties to an investment confidence in their rights, the investment process and the expected outcomes. The purpose of the Notice was to seek an amicable resolution to determining a clear and robust path forward for permitting and construction of the Project, with a view to its development for the benefit of all stakeholders.

During the course of 2015, and despite further subsequent letters seeking resolution discussions, the Company has received no response from the Romanian State to its Notice. As a consequence, on July 21, 2015, Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited, presented their claims by submitting a request for arbitration ("Request for Arbitration") to the International Centre for Settlement of Investment Disputes. The purpose of the Request for Arbitration is for the Company and its subsidiary to be compensated fully for its rights to develop the Project that have been denied by Romanian treaty violations. Notwithstanding the Request for Arbitration, the Company still seeks discussions to resolve this dispute and believes that Romania can remedy its treaty violations and permit development of the Project, which is the Company's preferred outcome.

In addition and insofar as the Company is able to reach an amicable resolution with Romania regarding the dispute that allows for the development of the Project, the business of the Gabriel Group may be subject to certain existing and future risks including, but not limited to, sovereign risk, including political and economic instability, changes in existing fiscal regime, changes in existing government regulations, for example, an increase in royalty rates or state ownership applicable to the Project, a ban on the use of cyanide in mining, designation of the Project area as an archeological site of national importance, government regulations relating to mining, which may delay or preclude the receipt of required permits or impede the Group's ability to acquire the necessary surface rights, as well as litigation risk against permits and the Project, currency fluctuations and local inflation. Political, public, and NGO opposition to the Project, and the multitude of legal challenges to permits issued in the past in respect of the Project demonstrate the significant risks that the Project faces.

The types of risks summarized above, if realized, may result in material events which adversely affect the Group's ability to continue as a going concern and consequently may result in the impairment or loss of all or part of the Group's assets.

As at the date of these unaudited condensed interim financial statements, the Company has had no formal communication from the Romanian State in response to either the Notice or Request for Arbitration. Should this situation continue and there be no action by the Romanian State in the short-term to evidence that the environmental permit and construction permitting can be progressed on a timely basis, then the Company will review the impact on the recoverable amount of the Project, and any corresponding impact on the carrying value of its mineral properties and related assets reflected in the Company's statement of financial position. Such a review could lead to a significant, if not a complete, impairment of the assets, in particular mineral properties and property, plant and equipment.

These unaudited condensed interim consolidated financial statements have been prepared using IFRS applicable to a "going concern", which assume that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Following the Request for Arbitration, management remains of the view that the going concern presumption remains appropriate based upon, without limitation, the Group's financial resources and ongoing fundamental intent to develop the Project. Management will continue to review this presumption based upon future engagement with the applicable Romanian authorities. The Group has no sources of operating cash flows and does not have sufficient cash to fund the development of the Project and therefore will require additional funding which, if not raised, would result in the curtailment of activities and Project delays. The timeline to build the Project is dependent on a number of factors which include both the permitting and financing processes.

The Company's registered address is Suite 200 – 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 3T2. The Company receives significant management services from its wholly-owned subsidiary, RM Gold (Services) Ltd. ("RMGS"). The principal place of business for RMGS is 16 Great Queen Street, London, WC2B 5DG, United Kingdom. The Company is the ultimate parent of the Group and does not have any controlling shareholders.

2. Basis of preparation

These unaudited condensed interim consolidated financial statements ("Condensed Financial Statements"), for the three and nine-month period ended September 30, 2015, 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 annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS.

The Condensed Financial Statements have been prepared according to the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss. These Condensed Financial Statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

The Board of Directors approved these Condensed Financial Statements on November 10, 2015.

3. Critical accounting estimates, risks and uncertainties

The Company performs a regular analysis of risk factors which, if any should occur, could materially and adversely affect the results and financial position of the Company and/or market price of its securities.

The preparation of Condensed 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 for the period. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. The significant estimates and assumptions are not materially different from those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2014.

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

Management consider that the filing of the request for arbitration does not in itself constitute a trigger for the recognition of any impairment of the assets of the Company, with the preferred outcome being the progression of the project, and consequently does not consider that the recognition of an impairment charge at this time to be appropriate.

While management believes that the estimates and assumptions applied are reasonable, actual results may differ materially from the amounts included in the Condensed Financial Statements.

4. Accounting policies

The material accounting policies followed in these Condensed Financial Statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2014. The Company has consistently applied the same material accounting policies throughout all periods presented.

No new IFRS accounting standards have been adopted by the Company during the nine-month period ended September 30, 2015.

The following accounting standard is mandatory effective from January 1, 2018. The Company has not adopted this standard early and is assessing the impact of adoption on the Condensed Financial Statements:

- IFRS 9; Financial Instruments. Replacement standard for IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 retains (and simplifies) the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

5. Cash and cash equivalents

As at	**September 30 2015**	December 31 2014
Cash at bank and on hand	**2,897**	8,897
Short-term bank deposits	**22,814**	35,259
	25,711	44,156

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

The Group manages its domestic Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources at 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 September 30, 2015 the Group held $1.2 million of cash and cash equivalents in Romanian banks (December 31, 2014 $1.0 million).

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

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

6. Mineral properties

	Rosia Montana
Balance - December 31, 2013	553,923
Development costs - additions [1]	16,023
Currency translation adjustment	(23,112)
Balance - December 31, 2014	546,834
Development costs - additions [1]	**6,380**
Currency translation adjustment	**54,211**
Balance - September 30, 2015	**607,425**

[1] Mineral property additions of $6.4 million in the nine months to September 30, 2015 (2014 full year - $16.0 million) is $1.2 million lower than the amount reported in the Condensed Consolidated Statement of Cash Flows of $7.6 million (2014 full year - $18.6 million). The difference is attributed to the non-cash reversals for share based compensation & amortization and resettlement liabilities charges.

At September 30, 2015, the Group's principal asset was its 80.69% interest in the Project held indirectly through RMGC, which holds two mineral licenses in Romania, being the exploitation license for the Project and an expired exploration license for the Bucium property. The latter is subject to an application with the requisite authorities in order to upgrade into two separate exploitation licenses. Minvest RM, a Romanian state-owned mining company, holds the remaining 19.31% interest in RMGC.

The Group holds the pre-emptive right to acquire the 19.31% non-controlling interest. The Company is required to fund 100% of all expenditures related to the exploration and development of these properties and holds a preferential right to recover all funding plus interest (other than on non-interest bearing loans) from future cash flows prior to the non-controlling shareholders receiving dividends.

Pursuant to the Project exploitation license, RMGC has the exclusive right to conduct mining operations at the Roșia Montană property for an initial term which expires in June 2019, and thereafter with successive five-year renewal periods.

7. 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 resettlement option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. As a result of the delay in delivery of these homes, RMGC pays a penalty of up to 20% of the agreed upon unpaid property value per year of delay as required by the resettlement contracts. The remaining penalty amount in the resettlement contract is also recorded within resettlement liabilities.

During the three month period ended September 30, 2015 the Company closed out the majority of resettlement contracts with residents through, for example, providing alternate homes that RMGC owned in Rosia Montană. As a consequence, there was a significant utilization of accrued resettlement liabilities during the quarter with the total balance as of September 30, 2015 reducing to $1.6 million (December 31, 2014: $4.2 million).

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

8. Non-controlling interest

The Company has 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. These loans, which remain outstanding at September 30, 2015, 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 made possible.

In December 2013, the Group was required to recapitalize RMGC in order to comply with minimum 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 respective shareholdings in RMGC. This transfer gave rise to the disclosed non-controlling interest and subsequent accounting.

9. Related party transactions

The Group had related party transactions with associated persons or corporations which were undertaken in the normal course of operations.

Related party transactions with Minvest RM are disclosed in Note 8. There have been no transactions with Minvest RM in 2015.

10. 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, 2013	22,139	4.71
Options granted	10,675	0.73
Options forfeited	(1,365)	5.81
Options expired	(2,809)	2.99
Balance - December 31, 2014	28,640	3.34
Options granted	**5,525**	**0.40**
Options expired	**(3,715)**	**4.64**
Options exercised	**(5)**	**0.56**
Balance - September 30, 2015	**30,445**	**2.65**

The fair value of common share options granted to personnel working on development projects is capitalized over the vesting period. The fair value of share options expensed and capitalized during the three and nine-month periods is as follows:

Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2015

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

11. Loss per share

	3 months ended September 30		9 months ended September 30	
	2015	2014	**2015**	2014
Loss for the period attributable to owners of the parent	**4,630**	1,984	**12,656**	4,848
Weighted-average number of common shares (000's)	**384,150**	384,145	**384,149**	384,145
Basic and diluted loss per share	**$0.01**	$0.01	**$0.03**	$0.01

12. Commitments and contingencies

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

	Total	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Capital commitments							
Resettlement	467	228	239	-	-	-	-
Operating lease commitments							
Roșia Montană exploitation license	970	277	277	277	139	-	-
Surface concession rights	1,248	34	34	34	34	34	1,078
Property lease agreements	46	46	-	-	-	-	-
Total commitments	**2,731**	**585**	**550**	**311**	**173**	**34**	**1,078**

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

13. 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 one operating segment: the exploration, evaluation and development of precious metal mining projects located in Romania ("Mining").
The rest of the entities within the Group are grouped into a secondary segment ("Corporate"). The cash flows of the Mining segment are primarily in investing activities as disclosed in the Condensed Consolidated Statement of Cash Flows.
The segmental report is as follows:

	Mining		**Corporate**		**Total**	
For the three-month period ended September 30,	**2015**	2014	**2015**	2014	**2015**	2014
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	-	-	(31)	(123)	(31)	(123)
Finance costs - convertible note accretion	-	-	939	917	939	917
Depreciation	-	-	25	26	25	26
Reportable segment loss	28	300	4,608	1,742	4,636	2,042
For the nine-month period ended September 30,	**2015**	2014	**2015**	2014	**2015**	2014
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	-	-	**(190)**	(263)	**(190)**	(263)
Finance costs - convertible note accretion	-	-	**2,817**	1,217	**2,817**	1,217
Depreciation	-	-	**73**	118	**73**	118
Reportable segment loss	**542**	2,942	**12,219**	2,474	**12,761**	5,416
As at September 30,	**2015**	2014	**2015**	2014	**2015**	2014
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets	**1,366**	1,338	**25,463**	52,343	**26,829**	53,681
Reportable segment non - current assets	**666,328**	608,369	**68**	127	**666,396**	608,496
Reportable segment liabilities	**(4,465)**	(10,399)	**(33,497)**	(32,508)	**(37,962)**	(42,907)

Except for certain items of long lead-time equipment, the Group's non-current assets are predominantly located in Romania. Management has determined that all mineral property assets relate to the Mining segment.

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

14. Private placement

On May 30, 2014 the Company completed a private placement with a number of existing shareholders (the "Private Placement"). A total of 35,000 units were issued at a price of $1,000 per unit to raise aggregate gross proceeds of $35.0 million. Each unit consists of:

- $1,000 principal amount of convertible, subordinated, unsecured notes with a coupon of 8% (the "Notes"). The Notes mature on June 30, 2019 and are convertible at any point prior to maturity, at the option of the holder, into common shares of the Company at a conversion price of $1.255 per common share;
- 398 common share purchase warrants (the "Warrants"), each of which entitles the holder to purchase one common share of the Company at a price of $1.674 at any time prior to June 30, 2019; and
- one arbitration value right ("AVR"), which entitles the holder, subject to certain limitations and exclusions, to a pro-rata proportion of up to 5% (capped at an aggregate of $130 million) of any amounts received by the Group pursuant to any settlement or arbitral awards irrevocably made in favour of the Group.

The Private Placement is accounted for as a compound financial instrument. The debt component of the compound financial instrument was recognized initially at fair value of a similar liability that does not have an equity conversion option. The warrants were recorded at fair value. The equity component was recognized initially at the difference between the fair value of the compound financial instrument 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.

Subsequent to initial measurement, the debt component 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.

Initial recognition

The accounting treatment applied for the initial measurement of the Private Placement was as follows:

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	29,272	371	28,901
Equity component of convertible debentures	1,716	21	1,695
Warrants	4,012	51	3,961
Arbitration value rights	-	-	-
Proceeds of private placement	35,000	443	34,557

There are two derivatives that are embedded within the Notes: a 'make-whole premium' to protect holders of the Notes in a change of control event prior to maturity; 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. These two embedded derivatives were determined to have insignificant initial values and were accordingly not accounted for, but are reassessed at each reporting date. As at September 30, 2015, the value of these derivatives remains insignificant.

Subsequent recognition

Interest and transaction costs are recognized by accreting the debt component to its face value over the term of the Notes at an effective interest rate of 12.43%. The accounting for the various components of the Private Placement to September 30, 2015 is as follows:

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

14. Private placement (continued)

	Note Debt	Note Equity	Warrants	Arbitration Value Right
Balance at December 30, 2014	**29,416**	**1,695**	**3,961**	**-**
Add: Debt component accretion	2,817	-	-	-
Less: Interest repayments	(1,388)	-	-	-
Balance at September 30, 2015	**30,845**	**1,695**	**3,961**	**-**

Dilution of equity

As at the date of these Condensed Financial Statements, assuming both (i) conversion of all the Notes and (ii) exercise of all the Warrants respectively issued pursuant to the Private Placement, the number of issued and outstanding common shares of the Company will increase by approximately 10.9%. Furthermore, the Company has the option to (A) issue common shares from treasury in the market to raise funds towards the settlement of the semi-annual interest payments which are payable in cash, and (B) repay all or a proportion of the principal amount of the Notes outstanding at maturity by issuing common shares of the Company at 95% of the volume weighted average trading price of the shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date of maturity, which respectively may result in further dilution.