



## PRESS RELEASE

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### 2015 Annual Results, Fourth Quarter Report and Proposed Private Placement

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces the publication of its Annual Results and Fourth Quarter Management’s Discussion and Analysis Report for the period ended December 31, 2015, together with a proposed private placement to raise up to \$20 million, subject to the approval of securityholders and the Toronto Stock Exchange (“TSX”).

#### Summary

- Romania continues to block and prevent implementation of the Roșia Montană gold and silver project (“Project”) without due process and without compensation. The Company is progressing with an arbitration case against Romania before the World Bank’s International Centre for Settlement of Investment Disputes (“ICSID”) under applicable treaties for the promotion and protection of foreign investment to which Romania is a party (“ICSID Arbitration”). The arbitral tribunal that will hear the case is currently being constituted.
- Despite the Company’s expressed preference to engage in discussions to seek an amicable resolution of the dispute, the Romanian authorities have failed to respond to the Company’s offer to do so.
- The Company has signed subscription agreements with a number of existing investors (the “Subscribers”) pursuant to which the Company intends to raise up to \$20 million by way of a non-brokered private placement (the “Private Placement”). In addition, the Company intends to enter into arrangements with certain existing securityholders to amend certain terms of the securities held by such holders (the “Restructuring”). The Private Placement and Restructuring are together referred to in this announcement as the “Transactions”, the terms of which are detailed in further information below. The completion of the Transactions is subject to securityholder and regulatory approval, as applicable. Proceeds from the Private Placement will be used for the ICSID Arbitration and for general working capital requirements.
- As at December 31, 2015, the Company recorded a non-cash write-down of \$631.2 million relating to all mineral property and a material proportion of its property, plant and equipment (the “Impairment”).
- The Company held \$18.6 million of cash and cash equivalents as at December 31, 2015.

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

“There remains no engagement with the Romanian authorities following the formal notification of our dispute fourteen months ago. It is regrettable that the Company has had to further reduce its workforce, community support and investment in Romania in the last year as a consequence of Romania’s failure to address the Project. Our overriding wish remains to achieve an amicable resolution that allows for the construction and operation of a world class gold mine at Roșia Montană. However, in the absence of such a resolution, the Company is fully committed to protecting its rights and interests through the ICSID arbitration process. To this end, the Company intends to raise up to \$20 million by way of a non-brokered private placement to finance, amongst other things, the ICSID arbitration.”

**Further information and commentary on the operations and results in the fourth quarter of 2015 and full financial year, together with events anticipated in the short term, is given below. The Company has filed its Annual Audited Consolidated Financial Statements and Management's Discussion & Analysis on SEDAR at [www.sedar.com](http://www.sedar.com) and each is available for review on the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).**

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## Further Information

### Status of the ICSID Arbitration

- On July 21, 2015, Gabriel and Gabriel Resources (Jersey) Ltd. (together the "Claimants") filed a Request for Arbitration (the "Arbitration Request") pursuant to the provisions of certain 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").
- Having encouraged Gabriel's investment in the Project, as well as reasonable expectations that the Project would be evaluated on its merits, Romania has, through the actions and inaction of the authorities and administrative bodies charged with assessment of the Project, frustrated and prevented implementation of the Project, including by imposing unjustified administrative delays in the permitting process, imposing shifting and non-transparent legal requirements, politicizing applicable legal and administrative processes, and ultimately abdicating the responsibility to make decisions on the permitting of the Project in contravention of the applicable legal framework. Simultaneously, Romania has required Gabriel to expend significant amounts on mining activities and fees and taxes in relation to the exclusive rights to develop and operate the Project which were granted to the Company's 80.69% owned Romanian subsidiary, Roşia Montană Gold Corporation S.A. ("RMGC"), in June 1999, pursuant to an exploitation concession license agreement ("License") and associated property rights.
- The Romanian State's treatment of Gabriel and its investments in Romania is incompatible with Romania's obligations as established under the Treaties, gives rise to multiple claims by Gabriel under those Treaties and has caused very substantial losses and damage to Gabriel.
- Whilst the Company's primary objective has always been the development of the Project to operational status, in the continued absence of any engagement by the Romanian State, the ICSID Arbitration has now become the core focus of the Company.
- The presiding tribunal for the ICSID Arbitration ("Tribunal") has yet to be fully constituted. To date the Tribunal consists of the following arbitrators: Dr. Horacio Grigera Naón (an Argentinian national appointed by the Claimants); and Mr. Zachary Douglas (an Australian national appointed by Romania). ICSID has been requested to appoint a President of the Tribunal following a period when the Claimants and Romania were unable to mutually agree on an appointee. Thereafter, the next step in the arbitration process will be the establishment, among other things, of the procedural calendar for the ICSID Arbitration.
- The ICSID Arbitration procedure allows for the Company's filing of one or more applications for provisional/interim measures, filing of its written submission of the case against Romania and accompanying evidence; a response from Romania and accompanying evidence; a reply by the Company and a response to that reply by Romania, all prior to oral hearings and a written reasoned decision by the Tribunal, which will be final subject only to challenge by either party on the basis of limited procedural grounds.

## Financial Performance

- As at December 31, 2015, the Company assessed the Project for asset impairment based on international accounting standards and concluded that, among other things, the continued uncertainty regarding the development of the Project and whether an amicable resolution can be agreed with the Romanian Government had a significant impact on the estimated future net cash flows associated with the Project. Accordingly, as at December 31, 2015, the Company recorded a non-cash write-down of \$631.2 million relating to all mineral property and a material proportion of its property, plant and equipment.
- The net loss for the fourth quarter of 2015 was \$615.3 million, and for the year ended December 31, 2015 was \$627.9 million, or \$1.63 per share.

## Liquidity and Capital Resources

- Cash and cash equivalents at December 31, 2015 amounted to \$18.6 million.
- The Company's average monthly net cash usage during Q4 2015 was \$2.4 million, including legal services in respect of the ICSID Arbitration and the December interest payment due on the 8% convertible subordinated unsecured notes in issue; (Q3 2015: monthly average \$2.1 million, 2014: monthly average \$2.3 million, 2013: monthly average \$3.9 million). Excluding legal and other advisory services in respect of the ICSID Arbitration and excluding the interest payment, the average monthly net cash usage during Q4 2015 was \$1.3 million (Q3 2015: \$1.3 million, H1 2015: monthly average \$1.5 million).

## Private Placement and Restructuring

- Given that the estimated corporate working capital needs and costs of pursuing the ICSID Arbitration will be significantly higher than the amount of cash and cash equivalents held by the Company, the Company has designed the Transactions in order to strengthen and improve the financial position of the Company. The Private Placement and Restructuring are subject to securityholder and regulatory approval and therefore there is no assurance that the Company will be successful in completing the Private Placement or the Restructuring to obtain the required financing.

### *Private Placement*

- Pursuant to the Private Placement, the Company intends to issue up to 20,000 Units, each Unit consisting of (i) \$1,000 principal amount of zero-coupon convertible subordinated unsecured notes (the "New Notes"); (ii) 1,610 common share purchase warrants (the "New Warrants"); and (iii) one arbitration value right (the "New AVRs"). The New Notes will mature on June 30, 2021 and will be convertible at any time prior to maturity, at the option of the holder, into common shares in the capital of the Company ("Common Shares") at a price of \$0.3105 per Common Share. This conversion price represents a premium of 35% to the volume-weighted average closing price of the Common Shares on the TSX for the thirty trading days prior to March 29, 2016 ("Transaction Share Price"). At maturity, the Company will have the ability to repay the New Notes through issuing Common Shares. Each New Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.46, representing a 100% premium to the Transaction Share Price, at any time prior to June 30, 2021. Each New AVR will entitle the holder thereof to its pro rata share of 7.5% of any proceeds arising from the ICSID Arbitration, subject to a maximum aggregate entitlement of \$175 million among all holders of arbitration value rights issued by the Company ("AVRs"). The New Notes, New Warrants and New AVRs are together referred to as the "New Securities".
- The Private Placement has been subscribed by certain existing shareholders of the Company, including shareholders who are deemed insiders as they each exercise control and direction over 10% or more of the issued and outstanding Common Shares of the Company immediately prior to the closing of the Private Placement.

- The Company intends to use the net proceeds of the Private Placement to pursue the ICSID Arbitration and for general working capital requirements.

### *Restructuring*

- In May 2014, the Company closed a non-brokered private placement with a number of existing shareholders of the Company to raise aggregate gross proceeds of \$35 million (the “2014 Private Placement”). Pursuant to the 2014 Private Placement, the Company issued 35,000 units, each unit consisting of: (i) \$1,000 principal amount of convertible subordinated unsecured notes with a coupon of 8% (the “2014 Notes”); (ii) 398 common share purchase warrants (the “2014 Warrants”); and (iii) one arbitration value right (the “2014 AVR”). The 2014 Notes, 2014 Warrants and 2014 AVRs are together referred to in this announcement as the “Existing Securities” and holders thereof are referred to as “Existing Securityholders”. None of the Existing Securities has been converted or exercised at the date of this document. All of the Subscribers are Existing Securityholders as they were also participants in the 2014 Private Placement.
- Pursuant to the Restructuring, the Company is proposing to enter into one or more agreements with the Existing Securityholders and/or the note trustee under the existing indenture, as applicable, in order to amend certain terms of the Existing Securities and to align the principal terms of the Existing Securities with the terms of the New Securities. Pursuant to the Restructuring, among other things, it is proposed that: (i) the conversion price of the 2014 Notes will be reduced from \$1.255 to \$0.3105 (such reduced amount being a premium of 35% to the Transaction Share Price); (ii) the interest rate of 8% per annum payable in respect of the 2014 Notes will be eliminated with zero coupon payable with effect from January 1, 2016; (iii) the exercise price of the 2014 Warrants will be reduced from \$1.674 to \$0.46 (such reduced amount being a premium of 100% to the Transaction Share Price); each 2014 AVR will entitle the holder thereof to its pro rata share of 7.5% of any proceeds arising from the ICSID Arbitration (previously 5% under the 2014 AVR terms); the aggregate entitlement of all AVRs issued would be increased from \$130 million to \$175 million; and the maturity date of the 2014 Notes and 2014 Warrants will be extended until June 30, 2021.

### *Canadian Regulatory Requirements*

- The Transactions are expected to close in April 2016 or such other date as agreed between the Company and the Subscribers, or as otherwise required under applicable securities laws and regulations. Closing of the Transactions is conditional upon the execution of definitive documentation with respect to the Private Placement and the Restructuring and upon satisfaction of customary closing conditions and deliveries, including receipt of all required regulatory approvals, as applicable, including the approval of the TSX.
- In accordance with the requirements of the TSX Company Manual, the Company will be seeking shareholder approval for the Transactions from holders of over 50% of its Common Shares (excluding all of the Common Shares held by the Subscribers).

### *Related Party Transaction Exemption*

- Given that certain Existing Securityholders are considered “related parties” of Gabriel, the Transactions constitute “related party transactions” within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”). While MI 61-101 would generally subject the Transactions to minority shareholder approval and formal valuation requirements, the Company proposes to avail itself of the exemptions applicable under Sections 5.5(g) and 5.7(e) of MI 61-101.

### *Additional Details*

- The Company will provide additional details regarding the Transactions, including among other information, the impact of the Transactions on existing securityholders and the specific circumstances under which securityholder approval is being sought in due course.

## Political Environment

- During 2015 there were ongoing challenges to the then Romanian Prime Minister, Victor Ponta, including votes of no confidence in June and September which his government survived. 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, citing a view that he no longer enjoyed the support of the people.
- On November 10, 2015 the President of Romania, Klaus Iohannis, proposed Dacian Cioloș, a former European Commissioner for Agriculture, for the permanent role of Prime Minister and on November 17, 2015 his new government was approved by the Romanian Parliament. Mr. Ciolos is described in the Romanian press as being an independent technocrat, and his cabinet is viewed in a similar light. The next general election is scheduled for late 2016.
- The level of Romanian Government engagement on the Project has been extremely limited for an extended period of time.

## Environmental and Other Permitting

- As previously disclosed, one of the most significant permits required for the Project is the environmental permit ("EP"). Since the recommencement of the Project's environmental impact assessment ("EIA") review process in September 2010, a procedure which forms the basis upon which the Romanian Government evaluates the Project's impacts and issues the EP, the Technical Assessment Committee ("TAC") of the Romanian Government met on twelve separate occasions.
- The last TAC meeting was held in April 2015 and failed to issue any recommendation on the EP or otherwise take steps to complete the EIA process. Ultimately, the Romanian Government has failed to act on the EP, thus making it impossible for the Project to proceed.
- On February 15, 2016, an order of the Minister of Culture was published in the Official Gazette designating, amongst other things, the village of Roșia Montană, and a radius of two kilometers, as a site of national historic interest. Management considers that such revised list of historical monuments further extends (without legal justification) the protection regime applicable to certain historical monuments, as compared to the 2004 list of historical monuments issued by Romania, and, in particular, fails to take into account, and is inconsistent with, the extensive programs of exploratory and preventative archaeology undertaken and financed by RMGC and the archaeological discharge certificates issued to RMGC by the Romanian authorities to date.
- In February 2016, the Ministry of Culture publicly announced the inclusion of the Roșia Montană site on Romania's tentative list of UNESCO World Heritage sites, the first procedural step in having it included on the UNESCO World Heritage List ("UNESCO List"). Notwithstanding this announcement, as at the date of this document, the Company has been unable to verify whether the Ministry of Culture has submitted documentation to UNESCO for the Project site's inclusion on the tentative list and whether the site has been included on such list. It is the Company's understanding that the required consultation with the local community has not yet occurred and that the inclusion of Roșia Montană on the UNESCO List would be subject to a review process that may take several years, however should such inclusion be realized it would have a material adverse impact on the Company's business, assets and ability to carry out mining activities on the License. Pending the outcome of any consultation and review process, the Company is not aware of any interim impact on the Project of the reported inclusion of the Roșia Montană site on Romania's tentative list of UNESCO World Heritage sites.

## Litigation and RMGC Withdrawal from Legal Proceedings

- In light of the prevailing situation of the Project, 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 administrative documents, permits or authorizations issued for the Project.
- After taking into account, amongst other matters, the continued failure of the competent authorities to address the assessment procedures of the Project thereby blocking and preventing its implementation, 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 determined in October 2015 that RMGC should withdraw from a number of pending litigation cases.
- The majority of the legal proceedings from which RMGC has sought to withdraw concern the claims of third parties challenging administrative deeds issued by public authorities directly or indirectly related to the Project. RMGC appeared 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, of itself, terminate the proceedings. The public authorities remain the defendant in those actions and as such remain bound to continue to defend their position.
- Certain developments that occurred in legal proceedings concerning the Project during the fourth quarter of 2015 and the status of RMGC's withdrawal from such proceedings are detailed in Management's Discussion & Analysis which is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## Outlook

- Notwithstanding the commencement of the ICSID Arbitration, the Company continues to seek engagement with the Romanian authorities in order to achieve an amicable resolution of the dispute. In the meantime, the Company's immediate plans for the ensuing year are as follows:
  - the advancement of the ICSID Arbitration, including the constitution of the Tribunal, the establishment of a procedural calendar, the filing of applications for provisional/interim measures and the preparation and filing of its memorial in support of its claim;
  - the continued assessment of the Company's activities and reduction of costs to those that support the preservation of its core assets and rights;
  - to carefully manage its cash resources (including the potential disposition of mining equipment acquired for the Project);
  - the protection of its rights and interests in Romania (including, so far as reasonably practical and desirable, ensuring that existing licenses and permits remain in good standing); and
  - the completion of the Transactions to support the anticipated activities of Gabriel for 2016 and beyond.

## About Gabriel

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

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

For more information please visit the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

## Forward-looking Statements

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

In this press release, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: completion of the Transactions, the ICSID Arbitration, actions by the Romanian Government, conditions or events impacting the Company's ability to fund its operations or service its debt, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below, that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- the requirement for regulatory, shareholder and noteholder approvals, where applicable, to effect the Transactions;
- the duration, required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- changes in the Gabriel Group's liquidity and capital resources;
- access to funding to support the Gabriel Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of existing securities (and those contemplated to be issued pursuant to the Transactions) in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the Toronto Stock Exchange or any regulated public market for trading securities;
- the impact on business strategy and its implementation in Romania of: unforeseen historic acts of corruption, uncertain legal enforcement both for and against the Gabriel Group and political and social instability;
- regulatory, political and economic risks associated with operating in a foreign jurisdiction including changes in laws, governments and legal regimes;
- volatility of currency exchange rates, metal prices and metal production;
- the availability and continued participation in operational or other matters pertaining to the Gabriel Group of certain key employees and consultants; and
- risks normally incident to the exploration, development and operation of mining properties.

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

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies including Gabriel's Annual Information Form for the year ended December 31, 2015, which can be viewed online at [www.sedar.com](http://www.sedar.com).

**ENDS**