



## PRESS RELEASE

FOR IMMEDIATE RELEASE

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### Corporate Update - Romania Reverses its Prior VAT Assessment / Arbitration Progress

Gabriel Resources Ltd. ("Gabriel" or the "Company") announces an update in relation to its ongoing bi-lateral investment treaty arbitration against Romania proceeding under the auspices of the World Bank's International Centre for the Settlement of Investment Disputes (the "Arbitration") and the previously announced disputed value added tax ("VAT") assessment (the "Assessment") levied against its majority-owned subsidiary, Rosia Montana Gold Corporation S.A. ("RMGC"), by the Romanian National Agency for Fiscal Administration ("ANAF").

The first session of the tribunal constituted to conduct the Arbitration (the "Tribunal") was held by teleconference on August 12, 2016 and on August 26, the Tribunal issued Procedural Order No.1 establishing certain procedural matters. The Tribunal is still to issue a procedural calendar with specific dates for the filing of submissions by the parties and other necessary procedural matters.

On September 23, 2016, the Tribunal held a hearing in Washington, D.C., to consider requests for certain provisional measures submitted to the Tribunal by the Company and its wholly-owned indirect subsidiary, Gabriel Resources (Jersey) Ltd. (together "Claimants") relating to, inter alia, aspects of the Assessment and other actions being undertaken by ANAF ("PM Hearing"). The Tribunal has not indicated a timeframe to issue its decision in regard to the matters addressed during the PM Hearing.

As announced on July 14, 2016, the Assessment relates to a demand by ANAF for repayment of VAT deductions claimed by RMGC in the period 2011 to 2016 in the amount of RON 27m (\$8.6m). In mid-September, ANAF issued a further demand against RMGC in respect of interest and penalties payable on the Assessment in the amount of RON 15.9 million (\$5.1m). RMGC challenged the Assessment on the basis that it was contrary to well established Romanian fiscal laws as well as European directives, and was issued despite its basis being contradictory to the results of eighteen prior VAT audits conducted by various divisions of ANAF in relation to RMGC's activities.

Immediately prior to the PM Hearing the Claimants were notified, through a filing made on behalf of Romania to the Tribunal, that the General Directorate for the Settlement of Challenges, a division of ANAF, had decided to partially quash the Assessment and to rerun the fiscal inspection for the same period but using a new inspection team. The Company is advised that the Assessment and the associated interest and penalties will no longer be due for payment by RMGC and debt recovery actions against RMGC accordingly must be withdrawn.

In parallel to the Assessment, a directorate of ANAF continues to pursue an investigation of a broad range of operational activities and transactions of RMGC over an extensive period spanning 1997 to 2015 (the "ANAF Investigation"). The Company believes that the ANAF Investigation is unjustified and has been initiated in an attempt to disparage the reputation of RMGC and the Company, in view of the Company's dispute with the Romanian State and the Claimants' filing for the Arbitration. Accordingly, the Company has brought this matter to the attention of the Tribunal as Gabriel continues to consider that such actions further evidence the discriminatory acts and bad faith conduct of the Romanian authorities with regard to the Company's investment in Romania.

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

"We welcome the recent ruling by Romania's fiscal authorities against the demand for repayment of prior VAT rebates, although we are cautious as to the ultimate result given the direction to re-run the VAT inspection. The various investigations have been time consuming, expensive, and in our view abusive in nature for the Company. The Company is committed to preserving the Claimants' rights as well as those of RMGC throughout the Arbitration process. Unfortunately, Romania continues to take action seeking to ensure that the Project does not go ahead, such as its successful application for Rosia Montana to be included on the UNESCO World Heritage tentative list. The Company has always stated it remains ready to explore an amicable resolution of the dispute that includes development of the Project. Unfortunately, Romania's actions demonstrate that it has no interest in engaging with a foreign investor who has consistently stated a desire for an amicable resolution to the issues at dispute and to improve the economic and reputational outlook for the country."

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## 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 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 duration, required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- changes in the liquidity and capital resources of Gabriel, and the group of companies of which it is parent ("Gabriel Group");
- 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 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).

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