



PRESS RELEASE

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2016 First Quarter Report

Gabriel Resources Ltd. ("Gabriel" or the "Company") announces the publication of its First Quarter Financial Statements and Management's Discussion and Analysis Report for the period ended March 31, 2016.

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").
- In the continued absence of any engagement by the Romanian State, the ICSID Arbitration has now become the core focus of the Company. The arbitral tribunal that will hear the case is currently being constituted.
- As at March 31, 2016, the Company held \$14.1 million of cash and cash equivalents.
- On May 11, 2016, the Company completed the previously announced financing to raise \$20 million from a number of existing shareholders ("Private Placement"). This included the restructuring of the Company's outstanding convertible notes which allows for decreased interest payments going forward. Proceeds from the Private Placement will be used for the ICSID Arbitration and for general working capital requirements.

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

"We welcome the support of our shareholders in providing the funds to finance, amongst other things, material progression of the ICSID Arbitration. Due to the continued lack of engagement with the Romanian authorities, combined with a clear animosity towards the Project from some high level politicians in Romania, the Company's focus will now be firmly on a positive outcome to the ICSID Arbitration."

Further information and commentary on the operations and results in the first quarter of 2016, together with events anticipated in the short term, is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements and Management's Discussion & Analysis on SEDAR at www.sedar.com and each is available for review on the Company's website at www.gabrielresources.com.

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Further Information

Political Environment

- The level of Romanian Government engagement on the Project has been extremely limited for an extended period of time. The next general election in Romania is scheduled for late 2016, with local government elections slated for June 5, 2016.
- On May 2, 2016 the Prime Minister of Romania, Dacian Cioloș, removed Vlad Alexandrescu from his position as the Minister of Culture. Ms. Corina Suteu, the former Director of the Romanian Cultural Institute in New York, and currently a secretary of state with the Ministry of Culture has been appointed in the position of Minister of Culture.

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 Romanian Government has entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the “Treaties”).
- 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 ICSID Arbitration will seek compensation for all of the loss and damage resulting from the Romanian State’s wrongful conduct and its breaches of the Treaties’ protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and the related licenses.
- 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.
- Following the constitution of the Tribunal, the next step in the arbitration process will be the establishment, among other things, of the procedural calendar for the ICSID Arbitration.
- Despite the initiation of the ICSID Arbitration, the Company remains open to engagement with the Romanian authorities in order to achieve an amicable resolution of the dispute.

Financial Performance

- As at December 31, 2015, the Company assessed the Project for asset impairment based on the guidance in IAS 36 Impairment of Assets and 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 Impairment is based on international accounting standards, and is thus without prejudice to the legal qualification that the Romanian assets may be given under Romanian or international law (including the Treaties). Given the nature of the assessed impairment indicators that have given rise to the Impairment, since January 1, 2016 the Company has determined that, absent any positive, material permitting developments, none of the Company’s continuing expenditures meet the criteria for capitalization in the statement of financial position and all will be expensed to the income statement.
- The net loss for the first quarter of 2016 was \$7.4 million.

Liquidity and Capital Resources

- Cash and cash equivalents at March 31, 2016 amounted to \$14.1 million.
- The Company's average monthly cash usage during Q1 2016 was \$1.5 million, including legal services in respect of the ICSID Arbitration (Q4 2015: monthly average \$2.1 million, 2014: monthly average \$2.3 million). Excluding legal and other advisory services in respect of the ICSID Arbitration, the average monthly cash usage during Q1 2016 was \$1.3 million (Q4 2015: \$1.3 million, H1 2015: monthly average \$1.5 million).
- On May 11, 2016, the Company completed the previously announced Private Placement to raise additional gross funds of \$20 million from a number of existing shareholders.
- The proceeds from the Private Placement will strengthen and improve the financial position of the Company and will be used to provide funding for the ICSID Arbitration and for general working capital requirements.
- The Company has provided significant detail regarding the terms and impact of the Private Placement and restructuring of existing securities in announcements made on May 3, 2016 and May 11, 2016 respectively, each of which is available on the Company's website at www.gabrielresources.com and has been filed on SEDAR at www.sedar.com.

Project Development (including Permitting and Litigation)

- In the context of the above disclosures concerning the ICSID Arbitration and the change in core focus of the Company, readers are advised to refer to the Annual Information Form of the Company for the year ended December 31, 2015 ("AIF") published on March 29, 2016, for information relating to the status of the Project, the License, the Company's exploration and development activities in Romania, the Project approval and permitting process, legal proceedings concerning the Project and reported gold and silver resources and reserves. Other than as updated in the Company's First Quarter Management's Discussion & Analysis, there has been no material change in that information from the date of publication of the AIF to the date of this press release. The Company has filed its AIF and First Quarter 2016 Management's Discussion & Analysis on SEDAR at www.sedar.com and each is available for review on the Company's website at www.gabrielresources.com.

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 ("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.

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 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 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.

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