



GABRIEL
Rosia Montana
IN PARTNERSHIP

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PRESS RELEASE

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FIRST QUARTER REPORT

Toronto, Canada: May 7, 2009

Highlights

“The Rosia Montana Project has been designed to the highest international standards and the economic benefits that it will bring to Romania are significant” said Keith Hulley, CEO. “We remain encouraged by the increasing support the Project has received over the past several months from members of the local and regional political leadership of both coalition parties.”

Financial performance

- First quarter net loss was \$7.0 million, or \$0.03 per share
- A total of \$16.3 million was spent on our development projects during the quarter the first quarter 2009.

Liquidity and capital resources

- Cash and cash equivalents at March 31, 2009 totaled \$50.1 million.
- The base budget for 2009 to operate the corporate office, complete EIA permitting activities, complete construction of Recea (resettlement site) and pay final installment payments for long-lead-time equipment has increased to \$85 million from \$70 million of which \$60 million remains to be spent over the balance of the year. This increase is primarily due to additional engineering activities and higher corporate, legal and communications costs. Therefore the Company will require additional capital in 2009.
- Once the EIA is approved, the activity level will increase, including the acquisition of remaining surface rights, completion of a control estimate, payment of land use taxes and other payments required to obtain construction permits.
- These additional activities are expected to cost approximately US\$150 million of which approximately US\$82 million would be required to advance the Project to the point of receipt of construction permits (subject only to payment of various land taxes). These activities can only commence once additional financing is raised.
- Management has been advised by its financial advisors that while financing the Project will be challenging due to the financial crisis, financing from government agencies and non traditional lenders should be available even in the current environment because of the economic and other benefits resulting from the Project.

Financing Plan

- Management began the process of executing on its financing plan during the first quarter 2009. Based on the initial feedback, management believes that the financing plan is achievable.
- The estimated cost to complete the development of the Rosia Montana Project – including interest, financing and corporate costs is US\$1 billion, consisting of capital costs of US\$876 million and interest, financing and corporate costs of US\$124 million. (For details see page 5 of MD&A.)
- Once completed, the Project is expected to produce approximately 626,000 ounces of gold annually at an average total cash cost of approximately \$335/ounce over first five years.

Rosia Montana Project Development

Political Situation

- A new coalition government was formed on December 22nd 2008, comprising the Democrat-Liberal Party (“PDL”) and the Social Democrat Party (“PSD”), the two largest parties in the country. Together the two parties received over 70 percent of the electoral seats in the new Parliament.
- Over the past several months, members of the local and regional political leadership of both coalition parties have, among other things, issued a series of open letters to various Ministers of the government (including the current MOE directly). These open letters have all requested that the government restart the EIA review process immediately.

Environmental/Permitting

- Since the fall of 2007, review of the Project’s Environmental Impact Assessment (the “EIA”) has been suspended as a result of a decision taken by the former Minister of Environment (MOE). Since that time, management has worked diligently to advocate in favour of a restart of the EIA review process and advance the permitting process for the Project.
- Throughout the quarter management has had more open dialogue with the new government with respect to the EIA review process, but can not predict when the process will restart.
- The Company is moving forward with the industrial zonal urbanistic plan having just completed four public participation meetings. In addition, the Local Council has initiated the process for the zonal urbanistic plan for the protected area.

Rosia Montana Project Timeline

- Once the EIA for the Project is approved by the Romanian Government, in the absence of any other extraordinary events, legal or otherwise, Gabriel anticipates that it would take at least 6 months to:
 - Complete the purchase of the outstanding properties;
 - Receive all other permits and approvals, including initial construction permits; and
 - Complete the control estimate and complete the financing.
- With the delay in the restart of the EIA review, management feels it is prudent to be conservative due to the possible impact the upcoming elections (EU elections scheduled for June and Presidential elections scheduled for the fall) might have on the timeliness of the permitting process. This is a change from previous guidance when management stated that it would take at least six months from the time the permitting process restarted to complete the above mentioned items.
- This estimated time line could be extended due to the global financial crisis, as the Company may pursue certain activities sequentially that had previously been planned to run in parallel.
- Once construction of the mine begins, it is expected to take approximately 24 months to complete. Ultimately, the Romanian Government determines the timing of issuance of the EIA approval and all other permits and approvals required for the Rosia Montana Project. This process is also subject to the Romanian courts dealing with litigation from NGOs in a timely manner.

Surface Rights

- As a result of the suspension of the EIA review process in September 2007, the home purchase program was suspended indefinitely in February 2008.
- The Company owns 77 percent of the homes in the industrial zone, protected area and the buffer zone.
- Once we complete the agreements for institutional properties, our ownership will rise to approximately 85 percent of the three zones of the Project, further demonstrating strong local support for the Project.

Resettlement Sites

- Construction of the Alba Iulia resettlement site, known as Recea, began in summer 2007. Infrastructure was completed during the third quarter 2008 and all of the 125 homes are expected to be completed during the second quarter of 2009.
- The process of title and utility transfer to the new owners has begun and is expected to be completed in the third quarter.
- The Company is also working with local officials to obtain permits for the construction of Piatra Alba and hopes to begin construction during the fall of 2009.

Archaeology

- The Supreme Court annulled archaeological discharge certificate number 4 (“ADC 4”) in December 2008.
- As the Company prepares its application for a new ADC 4, it will address all deficiencies identified by the Supreme Court. The Company anticipates applying for a new ADC 4 in the near term.
- The Company commissioned two independent audits (from highly regarded UK based firms), one on archaeology and the other on architecture in the third quarter of 2008. The overall conclusions of the reports were positive and at the same time returned some constructive comments which are currently being acted on and incorporated into the Company’s ongoing program.

Management Change

- The Board of Directors announced on March 23 that Alan R. Hill retired as President and CEO effective immediately. The Board appointed Keith Hulley as CEO on an interim basis. Mr. Hulley provides strong continuity during this transaction period having served on the Board and as a Chairman of the Technical Committee for the past three years. Mr. Hulley managed and oversaw the evaluation, engineering, construction and recent start-up of an open-pit silver mine in Bolivia which is similar in size and scope to the Rosia Montana Project. Mr. Hulley is able to spend the necessary time in Romania to oversee the completion of the permitting process and at the same time provide the time required to conduct an orderly and thorough search for a new CEO.
- Mr. Hill remains a Director and will continue to provide consulting services to the Company through the permitting, financing and construction periods.
- The Company has formed a selection committee and an executive search firm has been engaged.

About Gabriel

Gabriel is a Canadian-based resource company committed to responsible mining and sustainable development in the communities in which it operates. Gabriel is currently engaged in the exploration and development of mineral properties in Romania and is presently engaged in the development of its 80% owned Rosia Montana gold project. For more information please visit the Company’s website at www.gabrielresources.com.

The Company will be hosting its First Quarter 2009 Conference Call and Webcast on May 7, 2009 at 10:00 am EST. North American callers dial 1-866-804-6927 and International callers dial 1-857-350-1673 – Participant Passcode: 65356032.

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three-months ended March 31, 2009 and 2008. The MD&A should be read in conjunction with the unaudited consolidated financial statements and notes thereto ("Statements") of Gabriel Resources Ltd. ("Gabriel" or the "Company") as at and for the three-months ended March 31, 2009 and 2008, as well as the audited Consolidated Financial Statements of the Company as at and for the year ended December 31, 2008 including notes thereto. The Company's Consolidated Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of May 7, 2009. Readers are encouraged to read the Company's Annual Information Form dated March 6, 2009 and the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

Overview

Gabriel is a Canadian-based resource company committed to responsible mining and sustainable development in the communities in which it operates. Gabriel is engaged in the exploration and development of mineral properties in Romania and is presently developing its 80%-owned Rosia Montana gold project (the "Project").

Our mission is to create value for all of our stakeholders from responsible mining. Our vision is to build the Project and, to be a catalyst for sustainable economic, environmental, cultural and community development. As we develop the world-class Rosia Montana Project, we will strive to set high standards through good governance, good engineering, open and transparent communications, and operations and reclamation based on Best Available Techniques – all in the service of value creation and sustainable development. Whether the issue is corporate governance, community development, environmental responsibility or operational practices, we pledge to do it right.

Key Issues

Environmental/Permitting

Since the fall of 2007, review of the Project's Environmental Impact Assessment (the "EIA") has been suspended as a result of a decision taken by the former Minister of Environment (MOE). Since that time, management has worked diligently to advocate in favour of a restart of the EIA review process and advance the permitting process for the Project. National elections were held in Romania in November of 2008 and a new coalition government was formed shortly thereafter. Throughout the quarter management has had more open dialogue with the new government with respect to the EIA review process, but can not predict when the process will restart.

While the EIA is by far the most important project approval, there are a number of other permits and approvals required to advance the Project to construction, such as dam safety permits, zonal urbanistic plans for the industrial and protected areas, forestry and land use change permits as well as other permits and approvals that follow EIA approval. To that end, to the extent these

permits and approvals are not dependent on EIA approval or the acquisition of surface rights the processes for each of these will proceed in parallel with the EIA review process. During the first quarter, the Company received a positive court ruling compelling the MOE to issue our dam safety permits. This decision is appealable by the MOE once the rationale for the decision has been received. The Company is moving forward with the industrial zonal urbanistic plan, having just completed four public participation meetings. In addition, the Local Council has initiated the process for the zonal urbanistic plan for the protected area. The forestry and agricultural land use change permits will proceed after the EIA has been approved and surface rights obtained. In the absence of any other extraordinary events, legal or otherwise, we expect these permitting processes to take at least six months from the date the EIA is approved by the Romanian government.

Political Situation

Romania held national elections on November 30th, 2008. A new coalition government was formed on December 22nd, 2008 comprising the Democrat-Liberal Party (“PDL”) and the Social Democrat Party (“PSD”). The process of appointing state secretaries and other senior government officials was completed in early February 2009. The new government spent its first three months focused on an anti-crisis program to mitigate the impact of the financial and economic crisis, completing the 2009 budget for the country and negotiating the terms of an aid package worth approximately €20 billion from the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development (the “Financial Aid Package”). On April 11, 2009, the Romanian government revised its 2009 budget in order to meet the demands of the Financial Aid Package.

The new coalition government is comprised of the two largest parties in the country. Together the two parties received over 70 percent of the electoral seats in the new Parliament. The ministerial portfolios of the government have been almost evenly divided between the PDL and the PSD.

Over the past several months the Project has received strong support from members of the local and regional political leadership of both coalition parties. This support has been manifested through, among other things, a series of open letters to various Ministers of the government (including the current MOE directly). These open letters have all requested that the government restart the EIA review process immediately.

The change in government may affect several of our opposition’s efforts to delay the Project. As reported previously, under the previous government, three “private member bills” were introduced for consideration by the Romanian Parliament. Each bill was intended to block the Project, either by banning the use of cyanide in mining operations, or by creating a protected status for the area designated for mining. One of these bills was voted down and the other two remain in the Parliamentary Committee process. The sponsors of the bills are no longer members of Parliament. With a new Parliament in place, it is not possible to determine when or if any of these bills will be tabled for consideration and a vote taken in the Chamber of Deputies.

Management spent 2008 focused on meeting with stakeholders to understand their issues and concerns and explain the benefits and impacts of the Project. The strong local and regional support among politicians is a direct result of our outreach. In addition, media coverage of the Project has improved over the past several months. To further strengthen our communications efforts, the Company retained an internationally recognized public relations firm to assist with our ongoing communications program.

Litigation

A number of foreign-funded and Romanian NGOs, including the Hungarian-registered Alburnus Maior, the Soros Foundation Romania (formerly Open Society Institute/Romania), the Independent Centre for the Development of Environmental Resources (a “new” NGO formed in 2007 by the members of Alburnus Maior), Terra Mileniul III Foundation and the Center for Legal Resources (working in conjunction with Alburnus Maior), have initiated a multitude of legal challenges against virtually every local, regional and national Romanian regulatory authority that has the administrative authority to grant permits, authorizations and approvals for any aspect of the exploration and development of the Project. While few of the actions have been successful and most have been frivolous, they include both civil actions and criminal complaints against both the regulatory authorities and individuals within such regulatory authorities; in general, they claim that such regulatory authorities are acting in violation of Romanian laws and ask for cancellation of the license, permit or approval. Gabriel, through RMGC, has intervened in the majority of these cases in order to ensure that the Romanian courts considering these actions are presented with a legally correct, fair and balanced analysis as to why the various Romanian regulatory authorities’ actions are in accordance with the relevant and applicable laws.

While we have designed the Project to follow all applicable laws to protect against permitting delays of the Project, multiple legal challenges brought forward by NGOs in Romania may continue to cause potential setbacks to the Project timeline.

Surface Rights

As a result of the suspension of the EIA review process in September 2007, the home purchase program was suspended indefinitely in February 2008. The Company owns 77 percent of the homes in the industrial zone, protected area and the buffer zone.

In addition to the private properties required, the Company needs to acquire properties (about 35 percent of the surface area of the Project), which are owned by institutions, including the local administrations of Rosia Montana and Abrud, as well as certain churches and state-owned mining companies. The process to acquire the institutional properties is well underway and expected to be completed after the approval of the EIA.

Once we complete the agreements for institutional properties, our ownership will rise to approximately 85 percent of the three zones of the Project, further demonstrating strong local support for the Project. Ultimately, the Company’s ability to obtain construction permits for the mine and plant is predicated on securing 100 percent of the surface rights in the industrial zone, the timing of which is not entirely within the Company’s control.

Resettlement Sites

Construction of the Alba Iulia resettlement site, known as Recea, began in summer 2007. Infrastructure was completed during the third quarter 2008 and all of the 125 homes are expected to be completed during the second quarter of 2009. The process of title and utility transfer to the new owners has begun and is expected to be completed in the third quarter. The Company is also working with local officials to obtain permits for the construction of Piatra Alba and hopes to begin construction during the fall of 2009.

Archaeology

An archaeological review of historic mining activity at Rosia Montana is a critical step in the granting of the construction permit to build the Project. An archaeological discharge is required for all of the area under the footprint of the proposed mine.

An NGO commenced legal action in 2004 and ultimately obtained an annulment with respect to RMGC's archaeological discharge Certificate No. 4 ("ADC 4") from the Supreme Court of Romania in December 2008. The Company recently received the Court's written reasons for this decision. As the Company prepares its application for a new ADC 4, it will address all deficiencies identified by the Court. The Company anticipates applying for a new ADC 4 in the near term.

Archaeological discharge Certificate No. 5 ("ADC 5") has also been challenged on grounds similar to the challenge of ADC 4, and this matter is currently before the Romanian courts. ADC 5 is a compilation of the four previously issued discharge certificates and was obtained for administrative convenience only. The Company has been advised by its Romanian legal counsel that the annulment of ADC 5 does not automatically result in the annulment of the underlying discharge certificates.

The Company commissioned two independent audits (from highly regarded UK based firms), one on archaeology and the other on architecture in the third quarter of 2008. The archaeological audit report concluded that the: "National Research Programme, set up in response to proposals for the Rosia Montana gold mine project, represents one of the largest cultural heritage projects ever undertaken in Romania. The large body of data created will be invaluable in further understanding of Roman Dacia, and as a basis for future studies." In addition, the report concluded that the Project was compliant with the applicable regulatory framework. The architectural expert audit, though positive, returned some constructive comments. The report commented that there was inadequate attention being paid to the preservation of some peripheral buildings in the protected area, the majority of which are owned by the Company, and in some instances inappropriate materials and techniques were being used in the conservation work. A preservation program is now underway; a plan for next stage restoration is in final preparatory stage for review by such experts and repairs, appropriate materials and techniques for restoration of the buildings (including training of craftsmen in the necessary skills) are being organized.

Management Changes

The Board of Directors announced on March 23 that Alan R. Hill retired as President and CEO effective immediately. The Board appointed Keith Hulley as CEO on an interim basis. Mr. Hulley provides strong continuity during this transaction period having served on the Board and as a Chairman of the Technical Committee for the past three years. Mr. Hulley managed and oversaw the evaluation, engineering, construction and recent start-up of an open-pit silver mine in Bolivia which is similar in size and scope to the Rosia Montana Project. Mr. Hulley is able to spend the necessary time in Romania to oversee the completion of the permitting process and at the same time provide the time required to conduct an orderly and thorough search for a new CEO. Mr. Hill will remain a Director and continue to provide consulting services to the Company through the permitting, financing and construction periods. Mr. Hill's retirement happened as the Company transitions from engineering and permitting to financing and construction of the Rosia Montana Project in Romania (subject to EIA approval). This new phase requires a commitment of at least three years. Key decisions made through this period should be made by the CEO that will see these decisions through. The Company has formed a selection committee and an executive search firm has been engaged.

Liquidity and Capital Resources

Cash and cash equivalents at March 31, 2009 totaled \$50.1 million. The base budget for 2009 to operate the corporate office, complete EIA permitting activities, complete construction of Recea and pay final installment payments for long-lead-time equipment has increased to \$85 million from \$70 million. This increase is primarily due to additional engineering activities and higher corporate, legal and communications costs. The budget for the remaining 9 months is \$60 million. Therefore the Company will require additional capital in 2009.

Financing Plan

Project finance planning was restarted during third quarter of 2008 in preparation for financing the Project in 2009. The global financial crisis has negatively impacted most of the international banking system, restricting credit and increasing the cost of credit. As a result, the conventional bank debt market and the high-yield bond market are both currently restricted, however there are now signs of modest improvement. The updated financing plan assumes that neither the conventional bank debt market nor the bond market will be available in time to meet the Company's financing needs. Management has been advised by its financial advisors that while financing the Project will be challenging due to the financial crisis, financing from government agencies and non traditional lenders should be available even in the current environment because of the economic and other benefits resulting from the Project. Management began the process of executing on its financing plan during the first quarter 2009. Based on the initial feedback, management believes that the financing plan is achievable.

- The estimated cost to complete the development of the Rosia Montana Project – including interest, financing and corporate costs is US\$1 billion, consisting of capital costs of US\$876 million and interest, financing and corporate costs of US\$124 million.
- The Company anticipates financing these costs with approximately 25 percent equity – US\$250 million.
- The Company anticipates financing the balance with approximately 75 percent debt – US\$750 million, including senior debt, subordinate debt, by-product off-take agreements, vendor loans and possibly EU grants.
- The estimated capital cost to complete does not include a provision for (i) a cost overrun facility, (ii) a financial guarantee (reclamation deposit), (iii) hedging program if required by the banks and agencies and (iv) initial working capital. These additional items could add US\$200 million to the financing plan.

Project Timeline

- The EIA was submitted in the second quarter of 2006.
- In January 2007, the Company received the list of official questions from the Romanian Government, raised during the public consultation process.
- The Company responded to the questions in the form of an Annex to the EIA, in early May 2007.

- TAC and Espoo Convention meetings went well during the third quarter of 2007, until TAC meetings were suspended in September 2007.

Once the EIA for the Project is approved by the Romanian Government, in the absence of any other extraordinary events, legal or otherwise, management and its advisory team anticipates that it would take at least 6 months to:

- Complete the purchase of the outstanding properties;
- Receive all other permits and approvals, including initial construction permits; and
- Complete the control estimate and complete the financing.

With the delay in the restart of the EIA review, management feels it is prudent to be conservative due to the possible impact the upcoming elections (EU elections scheduled for June and Presidential elections scheduled for the fall) might have on the timeliness of the permitting process. This is a change from previous guidance when management stated that it would take at least six months from the time the permitting process restarted to complete the above mentioned items. This estimated time line could be extended due to the global financial crisis, as the Company may pursue certain activities sequentially that had previously been planned to run in parallel.

Once construction of the mine begins, it is expected to take approximately 24 months to complete. Ultimately, the Romanian Government determines the timing of issuance of the EIA approval and all other permits and approvals required for the Rosia Montana Project, subject to the Romanian courts dealing with litigation from NGOs in a timely manner.

Outlook

Our key objectives include:

1. Maximizing shareholder value, while ensuring that the Project benefits those in the community and the surrounding area to the optimum possible extent;
2. Obtaining approval of our EIA and all other required permits;
3. Obtaining a new archaeological discharge certificate number 4;
4. Beginning construction of the new resettlement village at Piatra Alba;
5. Completing the acquisition of all surface rights (private and institutional);
6. Completing the control estimate for the cost to complete the Project;
7. Raising the required debt and equity to build the Project;
8. Beginning Project construction; and
9. Continuing to strengthening dialogue and communications with all stakeholders.

Results of Operations

The results of operations are summarized in the following tables, which have been prepared in accordance with Canadian generally accepted accounting principles:

Results of Operations

in thousands of Canadian dollars, except per share amounts

	2009 Q1	2008 Q4	2008 Q3	2008 Q2
Statement of Loss (Income)				
Loss (Income)	\$ 6,969	\$ (3,958)	\$ 2,782	\$ 16,241
Loss (Income) per share - basic and diluted	0.03	(0.02)	0.01	0.06
Balance Sheet				
Working capital	7,401	29,172	50,324	80,513
Total assets	522,618	530,135	508,010	513,965
Statement of Cash Flows				
Investments in development and exploration including working capital changes	11,159	8,171	19,237	4,375
Cash flow provided by financing activities	3	-	82	1,015

in thousands of Canadian dollars

	2008 Q1	2007 Q4	2007 Q3	2007 Q2
Statement of Loss (Income)				
Loss (Income)	\$ (10,970)	\$ 7,821	\$ 6,785	\$ 5,966
Loss (Income) per share - basic and diluted	(0.04)	0.03	0.03	0.02
Balance Sheet				
Working capital	110,021	118,299	147,157	199,073
Total assets	521,269	507,955	513,490	503,381
Statement of Cash Flows				
Investments in development and exploration including working capital changes	17,211	24,708	15,448	24,107
Cash flow (used in) provided by financing activities	-	-	(31)	18,389

Statement of Loss (Income)

	3 months ended	
	March 31,	
<i>in thousands of Canadian dollars, except per share amounts</i>	2009	2008
Total operating expenses for the period	\$ 6,718	\$ 2,484
Loss (Income) for the period	6,969	(10,970)
Loss (Income) per share - basic and diluted	0.03	(0.04)

Total operating expenses for the three-month period ending March 31, 2009 increased from the corresponding 2008 period primarily due to \$3.2 million resulting from a non-recurring retiring allowance including the expensing of share-based compensation for the Company's former Chief Executive Officer, additionally an increase in the Company's share price resulted in an increase of its liability related to outstanding deferred share units of \$1 million during the period.

For the first quarter 2009, foreign exchange fluctuations on foreign currency cash balances generated a net loss of \$0.3 million while for the same period in 2008, the Company had a foreign exchange gain of \$12.1 million. Overall, the Company reported a higher loss for first quarter 2009 compared to 2008 due to a swing of \$12.4 million in foreign currency values, combined with higher operating expenses of \$4.2 million and lower interest income of \$1.3 million.

We expect to incur operating losses until commercial production commences and revenues are generated.

Expenses

Corporate, General and Administrative

	3 months ended	
	March 31,	
<i>in thousands of Canadian dollars</i>	2009	2008
Finance	\$ 197	\$ 347
External communications	165	287
Information technology	76	129
Legal	184	117
Payroll	3,187	740
Other	354	369
Corporate, general and administrative expense	\$ 4,163	\$ 1,989

Corporate, general and administrative costs are those costs incurred by the corporate office in Toronto. Excluding a \$2.4 million expense for a non-recurring retiring allowance payable to the Company's former Chief Executive Officer, corporate costs overall for the three-month period ending March 31, 2009 compared to the same period in 2008 are lower due to cost saving initiatives. Corporate, general and administrative costs are anticipated to rise once the Rosia Montana Project is permitted and the Company increases its staffing for construction and operations.

Stock Based Compensation

	3 months ended March 31,	
<i>in thousands of Canadian dollars</i>	2009	2008
DSUs - expensed (recovered)	\$ 953	\$ (124)
Stock option compensation - expensed	1,389	520
Stock based compensation - expensed	\$ 2,342	\$ 396
DSUs - capitalized (capital reduction)	\$ 95	(16)
Stock option compensation - capitalized	263	266
Stock based compensation - capitalized	\$ 358	\$ 250

DSU Compensation

Number of DSUs issued	13,721	14,793
Average value ascribed to each DSU issued	\$ 2.46	\$ 1.69

DSU costs for the first quarter 2009 reflect the issuance of 13 thousand units during the period and an increase in the DSU liability due to a higher share price at quarter end compared to the Company's share price at the beginning of the period. The Company's closing share price for the first quarter 2009 was \$2.40 per share while at December 31, 2008 the closing share price was \$1.52.

Initially valued at the market price of the stock at date of issue, DSUs are revalued each period based on the closing share price at the period end, with the difference between the total value of the DSUs at period end compared to the value at the end of the previous period. If the share price declines, the lower value of the DSUs is credited against costs during the period. If the value is higher, the difference is charged to the Statement of Loss, increasing costs for the period. Overall, for the three-month period ended March 31, 2009, our share price increased by \$0.88 compared to December 31, 2008, while for the same period in 2008, our share price decreased by \$0.28 from December 31, 2007.

	3 months ended March 31,	
	2009	2008
Stock option compensation		
Number of stock options granted	600,000	-
Average value ascribed to each option granted	\$ 1.56	\$ -
Options granted to corporate employees, consultants, officers, and directors	-	-
Options granted to development project employees and consultants	600,000	-

The estimated fair value of stock options is amortized over the period in which the options vest which is normally three years. For those options which vest on a single or multiple dates, either on issuance or on meeting milestones (the "measurement date"), the entire fair value of the vesting options is recognized immediately on the measurement date.

The fair value of stock options granted to personnel working on development projects is capitalized over the vesting period.

Of the 0.6 million options issued in first quarter 2009, 0.1 million will vest over a three-year period while the remaining 0.5 million options will vest upon completion of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized and capitalized as milestones are achieved and the value can be reasonably measured. As of March 31, 2009, the amount capitalized was \$Nil.

Project Financing Costs

	3 months ended March 31,	
<i>in thousands of Canadian dollars</i>	2009	2008
Project Financing Costs	\$ 150	\$ 22

Project financing activities were placed on hold in the fall of 2007 after the suspension of the permitting process but resumed in September 2008 in anticipation of the restart of permitting activities and the requirement to complete the financing. The higher costs in first quarter 2009 reflect the higher activity levels compared to the same period in 2008.

Project financing activities include advisory services for the various facilities under our financing plan.

Severance and Termination Costs

On December 4, 2007, in light of the suspension of the EIA review process, the Company announced and enacted plans to scale back activities. The Company accrued \$2.1 million of costs related to the retrenchment of 170 employees.

As at March 31, 2009 the Company paid \$1.3 million in termination benefits and anticipates paying the remaining balance of \$0.9 million during the second quarter 2009.

Interest Income

	3 months ended March 31,	
<i>in thousands of Canadian dollars</i>	2009	2008
Interest Income	\$ 64	\$ 1,343

Lower interest income in first quarter 2009 compared to the first quarter 2008 is the result of lower average cash balances and substantially lower interest rates. During 2008 and 2009 the Company's cash balances have declined due to ongoing resettlement site development costs, installment payments made under our long-lead-time equipment orders and corporate and Romanian overhead costs. Over the course of 2008, the global financial crisis led to a dramatic decline in interest rates for government securities in each currency the Company holds.

As of March 31, 2009, the average yield to maturity on the Company's cash and cash equivalents was 0.44% versus 3.5% as of March 31, 2008.

With the current global financial crisis, the Company is focused on capital preservation and therefore is foregoing higher yields on its investments and is investing predominantly in government guaranteed instruments. Approximately 81 percent of the Company's cash balances

are invested in government guaranteed instruments with the balance invested in term deposits with major Canadian banks.

Foreign Exchange

	3 months ended	
	March 31,	
<i>in thousands of Canadian dollars</i>	2009	2008
Foreign exchange gain (loss) - realized	\$ (108)	\$ 417
Foreign exchange gain (loss) - unrealized	(207)	11,694
Total foreign exchange gain (loss)	\$ (315)	\$ 12,111

The Company maintains foreign currency investments to match anticipated foreign denominated expenditures. In the three-month period ended March 31, 2009, the Euro weakened against the Canadian dollar, resulting in a foreign exchange loss which was partially offset by a foreign exchange gain on the Company's US dollar cash balance. For the same period in 2008, both the US dollar and the Euro strengthened against the Canadian dollar, resulting in foreign exchange gains and with larger average cash balances and more significant exchange movements, our first quarter 2008 foreign exchange movement was larger than the movement in the first quarter 2009.

The Company maintains a Canadian dollar cash position to fund corporate, general and administrative activities, while the balance of its cash resources are in foreign currencies.

We would expect to continue to report foreign currency gains and losses as we continue to hold foreign currencies.

Taxes

During the first quarter of 2008, the Company received a tax assessment for \$4.8 million related to a Romanian tax audit completed during the first quarter of 2008. The Company, having accrued in 2006 its then estimated tax liability, accrued an additional \$3.7 million in respect of the assessment, which arose from the disallowance of the application of state tax incentives related to unrealized foreign exchange gains on inter-company debt.

On April 10, 2008, the Company was advised by the Romanian tax authorities that they were re-opening and auditing fiscal years 2003 and 2004 which had been previously audited.

On June 24, 2008, the Company received a tax assessment for \$9.8 million related to another tax audit, for the years 2003 and 2004, initiated and completed during the second quarter of 2008. This assessment also arose from the disallowance of the application of state tax incentives related to unrealized foreign exchange gains on inter-company debt.

All tax assessments have been paid and provided for in the 2007 and 2008 financial statements. Based on the advice of its professional tax advisors, the Company believes that the tax authorities have misapplied the legislation and we are vigorously contesting the State's position through the courts.

Investing Activities

The most significant ongoing investing activities are for our Rosia Montana development project in Romania. 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, as well as surface rights/property acquisition. Once we receive our

construction permit, the nature and magnitude of the expenditures will increase as we build roads, production facilities, open pits, tailings management facilities and associated infrastructure.

Mineral Properties

We capitalize all costs incurred in Romania related to our development and exploration projects – Rosia Montana, Bucium and Baisoara – to mineral properties.

Listed below is a summary of expenditures at Rosia Montana for the three months ended March 31, 2009 and 2008.

<i>in thousands of Canadian dollars</i>	3 months ended	
	March 31,	
	2009	2008
Finance and administration	\$ 2,609	\$ 3,681
External communications	1,212	1,042
Legal	1,191	648
Permitting	755	655
Community development	1,149	9,079
Project management and engineering	1,531	2,526
Exploration - Rosia Montana	172	103
Exploration - Bucium	0	41
Exploration - Baisoara	35	41
Capitalized depreciation net of disposals	(131)	(130)
Capitalized stock based compensation	(358)	(250)
Reclassification to mineral properties	-	(25)
Increase in resettlement liabilities	(853)	(3,570)
Total exploration and development expenditures	\$ 7,311	\$ 13,841

During the three-months ended March 31, 2009, finance and administration costs decreased compared to the corresponding 2008 period primarily due to lower foreign exchange losses on trade payables and resettlement obligations. During the three-months ended March 31, 2009, the foreign exchange movement of the US dollar and Euro against the Canadian dollar was less compared to same period in 2008, resulting in lower foreign exchange losses being capitalized by the Romanian subsidiary. As at March 31, 2009 and 2008, the Company's Romanian subsidiary had outstanding foreign denominated liabilities for long-lead equipment and resettlement obligations. Finance and administration costs also decreased due to less staffing and less information technology expenditures as a result of the EIA process suspension.

Community development costs decreased for the three-months ended March 31, 2009 compared to the three-months ended March 31, 2008 due to the suspension of the surface rights acquisition program in February 2008. Additionally, first quarter 2008 expenditures were high compared to the first quarter 2009 due to the recognition of anticipated additional costs for construction of resettlement homes having occurred during the first quarter 2008.

Legal costs increased for the three-months ended March 31, 2009 due to the decision made by management during 2008 to add a second law firm on all legal cases. Management believes that the addition of a second firm and second opinion is helpful to ensuring that the best legal strategies are followed.

The base budget for 2009, approved by the Company's board of directors in December 2008, included only those expenditures and commitments to maintain the value of our investment in mineral properties and capital assets and to move the Project through EIA approval. Our original budgeted expenditures for 2009 for mineral properties and capital assets totaled \$60 million, consisting of \$31 million for the final installment payments for long-lead equipment, transportation and storage costs, \$10 million to complete Recea resettlement site and begin construction of Piatra Alba, with the balance of \$19 million for engineering and Romanian overhead costs (which includes the cost to maintain the Company's mining license).

As at March 31, 2009, the Company has \$50.1 million in cash and cash equivalents. Remaining expenditures for the Project total \$60 million through the balance of the year, including corporate overheads. Therefore the Company will require additional capital in 2009.

No additional work is planned on the Bucium property until the exploration license is converted to an exploitation license and the Rosia Montana EIA is approved. The government has indicated that a decision on the conversion of the Bucium exploration to exploitation license will not be made until a decision on the Rosia Montana Project is made.

Purchase of Capital Assets

	3 months ended	
	March 31,	
<i>in thousands of Canadian dollars</i>	2009	2008
Resettlement site development costs	\$ 2,120	\$ 1,313
Investment in long-lead-time equipment	6,806	861
Other	30	20
Total investment in capital assets	\$ 8,956	\$ 2,194
Depreciation and disposal - expensed	\$ 63	\$ 77
Depreciation and disposal - capitalized to mineral properties	\$ 131	\$ 130

As at March 31, 2009, all houses in the Recea resettlement site in Alba Iulia were under construction out of which 55 houses were in the process of being handed over to the property owners. Infrastructure was completed in the third quarter of 2008, and the Company donated site infrastructure to the Alba County Council.

We continue to make the installment payments for long-lead-time mill equipment orders which are proceeding, subject to satisfying our quality assurance criteria. The Company expects to make \$15.9 million in long-lead-time equipment payments in the remainder of 2009 at which point we would have made all payments for the long-lead equipment and own the mill equipment outright. The plan is to transport and store completed equipment at a central location, which should cost an additional \$3.6 million.

Cash Flow Statement

Liquidity and Capital Resources

Our only sources of liquidity until we receive our environmental permits for Rosia Montana are our cash balance, bridge financing, exercise of stock options outstanding, and the equity markets. We updated the estimated cost to completion for construction of the Project in first quarter 2009 to US\$876 million, excluding working capital and excluding sunk costs of approximately US\$90 million for surface rights, \$13 million for engineering and project management and US\$44 million for long-lead-time mill equipment. Our updated cost estimate also reflects higher

operating costs but these are more than offset by expected higher gold prices which result in improved cash margins and therefore project returns and faster payback. The estimated total cash cost⁽¹⁾ to produce gold over the first five years is estimated at US\$272 per ounce and is expected to average US\$335 per ounce over the life of the Project.

To complete the development of the Project, the Company will need additional external financing of approximately US\$1 billion, to fund capital costs of US\$876 million and interest, financing and corporate costs of US\$124 million, comprised of an estimated debt (~75%) and equity (~25%) financing. The ability to develop Rosia Montana hinges on our ability to raise the necessary financing for construction. If we were unable to raise the required funds, we would seek strategic alternatives to move the Project toward development.

Having restarted project financing planning during the third quarter 2008, management has developed a financing plan that assumes neither the conventional bank debt market nor the bond market will be available in time to meet the Company's financing needs. Management has been advised by its financial advisors that while financing the Project will be challenging due to the financial crisis, financing from government agencies and non traditional lenders should be available even in the current environment because of the economic and other benefits resulting from the Project.

As at March 31, 2009, we had cash and cash equivalents of \$50.1 million compared to \$72.2 million at December 31, 2008. Substantially all of these amounts are invested in government guaranteed investments. The Company's 2009 updated budgeted expenditures totals \$85 million of which \$60 million remains to be spent over the balance of the year; therefore the Company will require additional capital in 2009.

For mineral properties and capital assets, the 2009 updated budgeted expenditure totals \$72 million and includes expenditures and commitments to maintain the value of our investment in mineral properties and capital assets, to move the Project through EIA approval, and additional expenditures for engineering, legal and communications costs approved during the first quarter. Budgeted corporate expenditures are \$13 million.

Once the EIA is approved, the activity level will increase, including completing the acquisition of remaining surface rights, development of a control estimate, payment of land use taxes and other payments required to obtain construction permits. These additional activities are expected to cost approximately US\$150 million of which approximately US\$82 million would be required to advance the Project to the point of receipt of construction permits (subject only to the payment of various land taxes). These activities can only commence once additional financing is raised.

A special shareholder meeting was held in March 2009 to amend the Company's Shareholder Rights Plan to provide greater flexibility and certainty that future equity offerings are successful during this period of global financial and economic crisis.

The Company manages its foreign currency risks through matching its expected foreign denominated expenditures with foreign currency investments. The Company has not entered into any derivatives hedging activities. The Company maintains Canadian dollar investments to fund corporate costs while most investments are denominated in either US dollars or Euros to match planned foreign currency expenditures. The Company incurs foreign currency gains and losses on those foreign denominated investments as the currencies move against each other.

⁽¹⁾ Total cash cost is a non-GAAP financial measure. Total cash costs represent all costs absorbed into inventory, plus royalties and production taxes, less by-product revenues and exclude amortization and accretion.

Accordingly, the Company will continue to experience foreign exchange gains and losses as long as it maintains foreign currency investments.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a "typical" three month period. The current global financial crisis has resulted in dramatic interest rate, commodity and currency volatility. The Company does not view these market conditions as "typical" and therefore the effect of interest rate changes and currency valuation changes on net income may be more dramatic than deemed "reasonably possible". Nonetheless, the Company has taken steps to reduce its risks as discussed above.

- Cash and cash equivalents include deposits which are at floating interest rates. Sensitivity of cash and cash equivalents to a plus or minus 1% change in earned interest rates would affect net income by \$0.1 million.
- The Company holds significant balances in foreign currencies, and this gives rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 1% change in foreign exchange rates would affect net income by \$0.3 million.

The Company's objective when managing capital is to safeguard its accumulated capital in order to fund development of its Rosia Montana Project. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures. While the Company expects that it will be able to obtain equity, long-term debt and/or project-based financing sufficient to build and operate the Rosia Montana Project, there are no assurances that these initiatives will be successful. To safeguard capital and to mitigate currency risk, the Company invests its surplus capital in highly liquid, highly rated financial instruments that reflect the currency of the planned expenditure.

Working Capital

As at March 31, 2009, we had working capital of \$7.4 million versus \$29.2 million as at December 31, 2008. The decrease in working capital in first quarter 2009 relates to the loss incurred during the period, installment payments on capital assets and investments in mineral properties. As at March 31, 2009, we had current liabilities of \$45.9 million of which \$31.1 million relates to our resettlement obligations stemming from the acquisition of homes in the Project area. With the majority of resettlement homes for the Recea resettlement site scheduled for handover during the second and third quarter 2009, our current obligation will decrease to \$5.3 million by September 30, 2009, as the handover process unfolds, thereby increasing our working capital balance.

Net Change in Non-Cash Working Capital

The net change in operating non-cash working capital increased for the three-months ended March 31, 2009 compared to the same period in 2008 due to an increase in payables and accrued liabilities.

The net change in investing non-cash working capital for the three-months ended March 31, 2009 is consistent with that of the same period in 2008. However, during the period, the Company collected \$3 million of VAT receivable from the Romanian government, which was more than offset by the decrease in accrued liabilities of \$6.6 million for long-lead-time equipment installment payments.

Related Party Transactions

The Company paid \$Nil (2008 - \$6 thousand) during the first quarter to a director of the Company for consulting services provided to the Company.

In December 2004, the Company loaned a total of US\$971 thousand to the four minority shareholders, who hold an aggregate of 20 percent of the shares of RMGC, to facilitate a statutory requirement to increase RMGC's total share capital. The loans are non-interest bearing and are to be repaid as and when RMGC distributes dividends to its shareholders.

The loans and related minority interest contribution have been offset on the balance sheet until such time as the loans are repaid. Once the loans are repaid the minority interest component will be reflected on the balance sheet.

Resettlement Liabilities

During the fourth quarter of 2006, the Company recommenced purchasing homes in the Project area. Residents had two choices. They could either choose to take the sale proceeds and move to a new location of their choosing or they could exchange their properties for a new property to be built by the Company at one of the two new resettlement sites. At March 31, 2009, the Company had accrued resettlement liabilities totaling \$31.1 million (December 31, 2008 – \$30.2 million), which represents the cost of building the new homes for the local residents and delay penalties.

Under the original contracts, the Company was required to deliver homes by August 1, 2008, a date which was not met. As a result, the Company either signed extension agreements or will deliver the new homes within the penalty period for the 125 residents who chose the Recea resettlement site option in Alba Iulia. All 24 property owners who chose the Piatra Alba resettlement site have signed a three year extension contract. As a result of the delay in delivery of homes, the Company is accruing a penalty of 9% (for Recea) and up to 20% (for Piatra Alba) of the agreed upon unpaid property value per year of delay as required by the agreement including all amendments.

As at March 31, 2009, the Company has accrued \$1.1 million (December 31, 2008 - \$1.2 million) representing its total estimated delay penalty. During the three-month period ended March 31, 2009, the Company paid \$0.1 million of delay penalties (2008 - \$Nil).

Contractual Obligations

The Company, through its wholly owned subsidiary Rom Aur SRL ("Rom Aur"), holds an exploration license with respect to the Baisoara property in Western Romania. The license is for an initial term of 5 years and expires in July 2011. The Company is obligated to spend US\$3.2 million over the term of the license. Field work commenced in the fourth quarter of 2006, and a total of \$422 thousand has been spent through March 31, 2009. In 2008, due to the delay in the Rosia Montana permitting process, the Company reduced the exploration expenditure for Baisoara to a level required to maintain the license and permit in good standing.

The Company and its subsidiaries have a number of agreements with arm's-length third parties who provide a wide range of goods and services which totaled \$5.1 million at March 31, 2009 (December 31, 2008 – \$6.6 million). Typically, the service agreements are for a term of not more than one year and permit either party to terminate for convenience on notice periods ranging from 15 to 90 days. Upon termination, the Company is required to pay for services rendered and costs incurred to the date of termination.

During 2007, the Company entered into purchase agreements for long-lead-time equipment, the cost of which is to be paid over three years beginning 2007. As at March 31, 2009 outstanding commitments under such agreements totaled \$15.9 million (December 31, 2008 – \$27.7 million). No further long-lead-time equipment orders are expected to be placed until the EIA is approved; however, the reported commitment expressed in Canadian dollars will fluctuate as currencies fluctuate on the foreign denominated obligations.

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

	Total	2009	2010	2011	2012	2013 and thereafter
Baisoara exploration license	\$ 3,590	\$ 128	\$ 800	\$ 1,641	\$ 1,022	\$ -
Resettlement	31,061	31,061	-	-	-	-
Goods and services	5,131	4,639	107	9	9	367
Long lead time equipment	15,943	15,913	30	-	-	-
Rosia Montana exploitation license	2,360	236	236	236	236	1,416
Surface concession rights	1,046	19	25	25	25	952
Lease agreements	1,262	421	549	292	-	-
Total commitments	\$ 60,393	\$ 52,417	\$ 1,747	\$ 2,203	\$ 1,292	\$ 2,735

The following is a summary of the long-lead-time equipment orders and the payment status:

	March 31, 2009	December 31, 2008
Total purchase agreements:		
Grinding area systems	\$ 41,237	\$ 41,237
Crusher facilities	3,923	3,923
Foreign exchange movement	10,288	9,681
	55,448	54,841
Amount paid to date:		
Grinding area systems	(29,686)	(20,436)
Crusher facilities	(2,558)	(1,896)
Foreign exchange movement	(7,261)	(4,769)
Outstanding payment obligation	\$ 15,943	\$ 27,740

New Accounting Pronouncements

Goodwill and Intangible Assets

The Canadian Institute of Chartered Accountants (“CICA”) issued accounting standard Section 3064 – Goodwill and Intangible Assets which replaces Section 3062 – Goodwill and Other Intangible Assets, Section 3450 – Research and Development and EIC27 – Revenues and Expenditures during the Pre-operating Period. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The adoption of this standard has no impact on the Company’s financial statements.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended December 31, 2008 and there was no impact on its financial statements as a result of applying this abstract.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

IFRS Changeover Plan Disclosure

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards (IFRS) for all Canadian Publicly Accountable Enterprises (PAEs).

The effective changeover date is January 1, 2011, at which time Canadian GAAP will cease to apply for Gabriel Resources Ltd. and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011, with one period of comparative information also compiled under IFRS.

Management has developed a project plan for the conversion to IFRS based on our current nature of operations. The conversion plan is comprised of three phases: IFRS diagnostic assessment, implementation and education, and completion of all integration system and process changes. The Project is progressing as planned. Management is in the process of finalizing phase one, IFRS diagnostic assessment, which includes preliminary Canadian GAAP and IFRS comparison on key accounting issues applicable to the Company and we have entered the early education phase of our plan.

Due to anticipated changes in International Accounting Standards prior to our transition to IFRS, we are not in a position to determine the impact on our financial results. The most significant impact identified to date is the expanded presentation and disclosures required. Disclosure

requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and therefore, will result in more extensive note references.

CEO/CFO Certification

The Company's Chief Executive Officer and Chief Financial Officer 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*, for the Company.

Our CEO and CFO certify that, as at March 31, 2009, the Company's DC&P have been designed effectively 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 interim 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. They also certify that the Company's ICFR have been designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Canadian GAAP.

The control framework the Company's CEO and CFO used to design the Company's ICFR is COSO.

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 first quarter 2009 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 the report date was:

Outstanding Share Data

	Outstanding
Preferred shares	Nil
Common shares	255,451,084
Common stock options	23,825,945
Common stock warrants	1,125,000
Deferred share units - common shares	1,167,794
Fully diluted share capital	281,569,823

Proven and Probable Mineral Reserves

The Company maintains an 80 percent economic interest in the Rosia Montana Project which at year end 2008, has aggregate proven and probable reserves as follows, calculated using a gold price of \$735 per ounce:

Reserve Category	Tonnes	Grade (g/t)		In Situ (Ounces)	
		Gold	Silver	Gold	Silver
Proven	112,455,000	1.63	9.0	5,893,000	32,540,000
Probable	102,476,000	1.27	4.6	4,184,000	15,156,000
Total	214,931,000	1.46	6.9	10,077,000	47,696,000

John Marek, P.Eng., is the qualified person responsible for calculating the reserve estimate set forth in the table above.

Forward-Looking Statements

Certain statements included herein, including capital costs estimates, sustaining capital and reclamation estimates, estimated production and total cash costs of production, future ability to finance the Project and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of the Projects' development or of our future performance, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities legislation. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, the Management's Discussion and Analysis includes many such forward-looking statements and such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements and its forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: changes in the worldwide price of precious metals; fluctuations in exchange rates; legislative, political or economic developments including changes to mining and other relevant legislation in Romania; operating or technical difficulties in connection with exploration, development or mining; environmental risks; the speculative nature of gold exploration and development, including the risks of diminishing quantities or grades of reserves; and the Company's requirements for substantial additional funding.

While Gabriel may elect to, Gabriel is under no obligation to and does not undertake to update this information at any particular time, except as required by law.

Gabriel Resources Ltd.

Interim Consolidated Financial Statements
(Unaudited)
For the period ended March 31, 2009

Consolidated Balance Sheets

As at March 31, 2009 and December 31, 2008
(Unaudited and expressed in thousands of Canadian dollars)

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 50,093	\$ 72,233
Accounts receivable	2,167	5,221
Prepaid expenses and supplies	1,046	769
	53,306	78,223
Restricted cash (note 3)	138	153
Capital assets (note 4)	53,437	44,675
Mineral properties (note 5)	415,737	407,084
	\$ 522,618	\$ 530,135
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 14,844	\$ 18,843
Resettlement liabilities (note 6)	31,061	30,208
	45,905	49,051
Other Liabilities (note 7)	4,008	3,065
	49,913	52,116
Shareholders' Equity		
Capital stock (note 9)	560,056	560,052
Contributed surplus (note 12)	16,702	15,051
Deficit	(104,053)	(97,084)
	472,705	478,019
	\$ 522,618	\$ 530,135

Nature of operations and going concern (note 1)

Minority interest (note 8(b))

Commitments and contingencies (note 17)

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

Consolidated Statements of Loss and Deficit

For the three-month periods ended March 31, 2009 and 2008

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

	2009	2008
Expenses		
Corporate, general and administrative	\$ 4,163	\$ 1,989
Stock based compensation <i>(note 7 & 11)</i>	2,342	396
Project financing costs	150	22
Amortization	63	77
	6,718	2,484
Other expense (income)		
Interest	(64)	(1,343)
Foreign exchange loss (gain)	315	(12,111)
Loss (income) for the period	6,969	(10,970)
Deficit - beginning of period	97,084	92,989
Deficit - end of period	\$ 104,053	\$ 82,019
Loss (earnings) per share		
Basic and diluted	\$ 0.03	\$ (0.04)
Weighted average number of shares		
Basic	255,450	254,898
Diluted	255,450	256,410

Consolidated Statements of Comprehensive Loss

For the three-month periods ended March 31, 2009 and 2008

(Unaudited and expressed in thousands of Canadian dollars)

Comprehensive loss (income)	\$ 6,969	\$ (10,970)
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The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2009 and 2008
(Unaudited and expressed in thousands of Canadian dollars)

	2009	2008
Cash flows from (used in) operating activities		
Income (loss) for the period	\$ (6,969)	\$ 10,970
Items not affecting cash		
Amortization	63	77
Stock-based compensation	2,342	396
Unrealized foreign exchange loss (gain) on cash and cash equivalents	129	(11,312)
	(4,435)	131
DSU cash settlement	-	(52)
Net changes in non-cash working capital (note 18)	2,598	(592)
	(1,837)	(513)
Cash flows provided by (used in) investing activities		
Decrease (increase) in short-term investments and restricted cash	15	(10,180)
Development and exploration expenditures	(7,311)	(13,841)
Purchase of capital assets	(8,956)	(2,194)
Net changes in non-cash working capital (note 18)	(3,848)	(3,370)
	(20,100)	(29,585)
Cash flows from (used in) financing activities		
Proceeds from the exercise of stock options	3	-
	(21,934)	(30,098)
Increase (decrease) in cash and cash equivalents	(21,934)	(30,098)
Effect of foreign exchange on cash, cash equivalents, and non-cash working capital	(206)	11,694
Cash and cash equivalents - beginning of period	72,233	147,244
Cash and cash equivalents - end of period	\$ 50,093	\$ 128,840

Supplemental cash flow information (note 18)

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

1. Nature of operations and going concern

Gabriel Resources Ltd. (the “Company”) is a Canadian-based resource company engaged in the exploration and development of mineral properties in Romania and is presently developing its 80%-owned Rosia Montana gold project (the “Project”). Since acquiring the exploitation license, the Company has been focused on identifying and defining the size of the four ore bodies, engineering to design the size and scope of the Project, environmental assessment and permitting, rescue archaeology and surface rights acquisitions.

The underlying value of the Company’s mineral properties is dependent upon the existence and economic recovery of such reserves in the future and the ability of the Company to obtain all necessary permits and raise long-term financing to complete the development of the properties. In addition, the Project may be subject to sovereign risk, including political and economic instability, changes in existing government regulations, for example, a ban on the use of cyanide in mining, re-designation of the Project area as a archeological site of national importance, government regulations relating to mining which may withhold the receipt of required permits or impede the Company’s ability to acquire the necessary surface rights, as well as currency fluctuations and local inflation. The suspension of the EIA process by the former Minister of Environment and Sustainable Development in September 2007 demonstrates the significant risks that this Project faces. These risks may adversely affect the investment and may result in the impairment or loss of all or part of the Company’s investment.

These consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a ‘going concern’, which assume that the Company 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. As at March 31, 2009 the Company had 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. As at March 31, 2009, the Company has \$50.1 million in cash and cash equivalents and will require additional capital in 2009.

Management has prepared a financing plan that assumes neither the conventional debt market nor the bond market will be available in time to meet the Company’s financing needs. The current global financial crisis may cause the time line from the restart of the permitting process until receipt of construction permits to be extended as the Company may pursue certain activities sequentially that had previously been planned to run in parallel or, alternatively, construction may not begin immediately after receipt of construction permits if financing is not complete.

There can be no assurances that the Company’s activities will be successful or sufficient and as a result there is significant doubt regarding the “going concern” assumption and, accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. If the “going concern” assumption were not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, the reported expenses and the balance sheet classifications, which could be material, would be necessary.

2. Basis of presentation and new accounting policies

The accompanying interim consolidated financial statements have been prepared in accordance with Canadian GAAP for the preparation of interim financial information. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP for annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these unaudited interim consolidated financial statements are the same as those described in our audited consolidated financial statements and notes thereto for the year ended December 31, 2008. To ensure comparability of financial information, certain prior period amounts have been reclassified to conform to the current year presentation.

In the opinion of management, the accompanying interim financial statements include all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements and notes for the year ended December 31, 2008.

Goodwill and Intangible Assets

The Canadian Institute of Chartered Accountants ("CICA") issued accounting standard Section 3064 – Goodwill and Intangible Assets which replaces Section 3062 – Goodwill and Other Intangible Assets, Section 3450 – Research and Development and EIC27 – Revenues and Expenditures during the Pre-operating Period. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The adoption of this standard has no impact on the Company's financial statements.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended December 31, 2008 and there was no impact on its financial statements as a result of applying this abstract.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

New Accounting Pronouncements not yet adopted

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian generally accepted accounting principles (“GAAP”) with IFRS for all Canadian Publicly Accountable Enterprises (PAEs). The effective changeover date is January 1, 2011, at which time Canadian GAAP will cease to apply for Gabriel Resources Ltd. and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011. The Company is currently assessing the impact of transition to IFRS on its consolidated financial statements.

3. Restricted cash

	March 31, 2009	December 31, 2008
Restricted cash ⁽¹⁾	\$ 138	\$ 153

⁽¹⁾ Restricted cash represents environmental guarantees for future clean up costs.

4. Capital Assets

	March 31, 2009	December 31, 2008
Cost		
Office equipment	\$ 4,078	\$ 4,069
Building	1,082	1,082
Vehicles	1,282	1,282
Leasehold improvements	215	215
Construction in progress ⁽¹⁾	50,882	41,956
	57,539	48,604
Less: Accumulated amortization		
Office equipment	2,706	2,566
Building	56	53
Vehicles	1,180	1,156
Leasehold improvements	160	154
Construction in progress ⁽¹⁾	-	-
	4,102	3,929
Net book value		
Office equipment	1,372	1,503
Building	1,026	1,029
Vehicles	102	126
Leasehold improvements	55	61
Construction in progress ⁽¹⁾	50,882	41,956
	\$ 53,437	\$ 44,675

⁽¹⁾ Amounts included in construction in progress are not subject to amortization. Construction in progress includes the following amounts:

	March 31, 2009	December 31, 2008
Resettlement site development costs	\$ 11,951	\$ 9,831
Long-lead-time equipment	38,931	32,125
	\$ 50,882	\$ 41,956

5. Mineral Properties

	Rosia Montana	Bucium	Baisoara	Total
Balance - December 31, 2007	\$ 328,804	\$ 10,375	\$ 182	\$ 339,361
Development costs	66,760	-	-	66,760
Exploration costs	675	83	205	963
Balance - December 31, 2008	396,239	10,458	387	407,084
Development costs ⁽¹⁾	8,446	-	-	8,446
Exploration costs ⁽¹⁾	172	-	35	207
Balance - March 31, 2009	\$ 404,857	\$ 10,458	\$ 422	\$ 415,737

⁽¹⁾ Mineral property additions of \$8.7 million includes \$1.4 million of non-cash items principally related to resettlement liabilities, stock based compensation, and amortization, therefore the net cash investment during the three-month period ended March 31, 2009 was \$7.3 million.

The Company's principal asset is its 80% direct ownership interest in a Romanian company, Rosia Montana Gold Corporation ("RMGC"), which holds two mineral licenses in Romania, being Rosia Montana and Bucium. Minvest S.A. ("Minvest"), a Romanian state-owned mining company, together with three other private Romanian companies, hold a 20% interest in RMGC, and RMGC holds the pre-emptive right to acquire the 20% minority interest. RMGC 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 from future cash flows prior to the shareholders receiving dividends.

An exploitation license is held by RMGC as the titleholder in respect of the Rosia Montana property. RMGC has the exclusive right to conduct mining operations at the Rosia Montana property for an initial term of 20 years commencing in 1998, and thereafter with successive five-year renewal periods.

RMGC holds an exploration license over the Bucium property. The license was extended in 2004 and expired on May 19, 2007. The Company spent US\$3.4 million over the term of the license extension period. The expiring exploration license can be converted into an exploitation license upon submission and approval of a feasibility study. During 2007, the Company filed the necessary documentation to convert the exploration license into an exploitation license and the Company is awaiting response from the authorities on this item. No additional work on Bucium's project economics is planned until the license is converted from an exploration to an exploitation license and until the Rosia Montana EIA is approved.

The Company, through its wholly owned subsidiary Rom Aur SRL ("Rom Aur"), holds an exploration license with respect to the Baisoara property in Western Romania. The license is for an initial term of 5 years and expires in July 2011. The Company is obligated to spend US\$3.2 million over the term of the license. Due to the delay in the Rosia Montana permitting process, the Company has reduced the exploration expenditure for Baisoara to a level required to maintain the license and permit in good standing.

6. Resettlement liabilities

During the fourth quarter of 2006, the Company recommenced purchasing homes in the Project area. Residents had two choices. They could either choose to take the sale proceeds and move to a new location of their choosing or they could exchange their properties for a new property to be built by the Company at one of the two new resettlement sites. At March 31, 2009, the Company had accrued resettlement liabilities totaling \$31.1 million (December 31, 2008 – \$30.2 million), which represents the cost of building

the new homes for the local residents and delay penalties.

Under the original contracts, the Company was required to deliver homes by August 1, 2008, which was not met. As a result, the Company either signed extension agreements or will deliver the new homes within the penalty period for the 125 residents who chose the Recea resettlement site option in Alba Iulia. All 24 property owners who chose the Piatra Alba resettlement site have signed a three year extension contract. As a result of the delay in delivery of homes, the Company is accruing a penalty of 9% (for Recea) and up to 20% (for Piatra Alba) of the agreed upon unpaid property value per year of delay as required by the agreement including all amendments.

As at March 31, 2009, the Company has accrued \$1.1 million (December 31, 2008 - \$1.2 million) representing its total estimated delay penalty. During the three-month period ended March 31, 2009, the Company paid \$0.1 million of delay penalties (2008 - \$Nil).

7. Other liabilities

Deferred Share Units ("DSU") (a)	DSU's (000's)	Price per Common Share (dollars)	Value
Outstanding - December 31, 2007	603	\$ 1.97	\$ 1,188
Granted	580	1.26	728
Settled	(28)	1.82	(52)
Change in fair value	-	-	(109)
Outstanding - December 31, 2008	1,155	1.52	1,755
Granted	13	2.46	33
Change in fair value	-	-	1,015
Balance - March 31, 2009	1,168	\$ 2.40	\$ 2,803
Fidelity bonus and other benefits (b)			
Balance accrued - December 31, 2007			\$ 849
Additions			461
Balance accrued - December 31, 2008			1,310
Foreign exchange movement			(105)
Balance accrued -March 31, 2009			\$ 1,205
Total Other Liabilities			\$ 4,008

(a) DSUs

The Company implemented a DSU Plan under which qualifying participants receive certain compensation in the form of DSUs in lieu of cash. On retirement, participants may redeem their DSUs for common shares of the Company, cash, or a combination of common shares and cash. It is at the holder's discretion as to whether he/she elects to settle the DSU in cash or shares of Gabriel. If the holder elects to settle the DSU in shares of Gabriel, the Company, at its sole discretion, can elect to pay the amount in common shares either purchased from the open market, or issued from treasury.

The change in the fair market value of the DSU liability has been recorded in stock based compensation expense except for costs relating to personnel working on projects in Romania, which are capitalized.

Deferred Share Units ("DSUs")	Three months ended March 31,	
	2009	2008
Expensed (recovered)	\$ 953	\$ (124)
Capitalized (capital reduction)	\$ 95	\$ (16)

(b) Fidelity Bonus

Under the Collective Bargaining Agreement between RMGC and its employees, under certain conditions, employees of RMGC are entitled to a bonus equal to one month of average gross salary when celebrating 3, 5, 10, 15, 20, and 25 years of uninterrupted service as well as other benefits related to death benefits and termination of employment. As of March 31, 2009, \$1.2 million (December 31, 2008 - \$1.3 million) has been accrued for these benefits.

(c) Severance and Termination Costs

On December 4, 2007, in light of the suspension of the EIA review process, the Company announced and enacted plans to scale back activities. The Company accrued \$2.1 million in costs related to the retrenchment of 170 employees.

As at March 31, 2009 the Company paid \$1.3 million in termination benefits and anticipates paying the remaining balance of \$0.9 million during the second quarter 2009.

8. Related Party Transactions

The Company had related party transactions, with directors of the Company or associated corporations, which were in the normal course of operations and were measured at the exchange amounts as follows:

- (a) The Company paid \$Nil (2008 - \$6 thousand) during the first quarter to a director of the Company for consultation services provided to the Company.
- (b) In December 2004, the Company loaned a total of US\$971 thousand to the four minority shareholders of RMGC, who hold an aggregate of 20% of the shares of RMGC, to facilitate a statutory requirement to increase RMGC's total share capital. The loans are non-interest bearing and are to be repaid as and when RMGC distributes dividends to its shareholders.

The loans and related minority interest contribution have been offset on the balance sheet until such time as the loans are repaid. Once the loans are repaid the minority interest component will be reflected on the balance sheet.

9. Capital Stock

Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares, issuable in series, without par value

Common shares issued and outstanding	Number of shares (000's)	Amount
Balance - December 31, 2007	254,898	\$ 558,277
Shares issued on the exercise of stock options (note 11)	551	1,209
Stock-based compensation - exercise of stock options (note 12)	-	566
Balance - December 31, 2008	255,449	\$ 560,052
Shares issued on the exercise of stock options (note 11)	2	3
Transfer from contributed surplus - exercise of stock options (note 12)	-	1
Balance - March 31, 2009	255,451	\$ 560,056

The following is a reconciliation of the numerator and denominator of loss (earnings) per share computations:

Loss (earnings) per share	March 31, 2009	March 31, 2008
Net loss (income) for the period	\$ 6,969	\$ (10,970)
Adjustment for diluted earnings	-	-
Net loss (income) for diluted earnings per share	\$ 6,969	\$ (10,970)
Weighted average number of common shares outstanding	255,450	254,898
Effect of dilutive securities	-	1,512
Diluted weighted average number of shares outstanding	255,450	256,410
Loss (earnings) per share		
Basic	\$ 0.03	\$ (0.04)
Diluted	\$ 0.03	\$ (0.04)

For March 2009, the exercise of outstanding options would be anti-dilutive in the loss per share calculation and were therefore excluded. For March 2008, options to purchase 5.3 million common shares were excluded from the diluted earnings per share computation because the options' exercise prices were greater than the average market price of the common shares.

10. Share Purchase Warrants

As at March 31, 2009, the following share purchase warrants were issued and outstanding:

	Number of warrants	Exercise price (dollars)	Expiry date
Warrants issued	1,125	\$ 4.88	November 28, 2010
Balance - March 31, 2009	1,125	\$ 4.88	November 28, 2010

During the fourth quarter of 2006, the Company entered into mandate letters with two international financial institutions to arrange project debt financing for the development of the Rosia Montana Project. The two institutions were to provide a committed underwriting in an amount up to US\$350 million. As a result of the suspension of the EIA review process, the mandate letters terminated during 2008 and 1.125

million warrants vested while 1.5 million warrants were cancelled. Each warrant has a four year term and has an exercise price of \$4.88. The Company continues to work with the international financial institutions to secure a new agreement whereby the institutions would arrange but not underwrite a bank facility.

The fair value of the warrants vested, being US\$1.5 million, represents their cash settlement value. The Company has accrued this amount in accounts payable and accrued liabilities. It is at the holders' discretion as to whether they elect to settle the warrants in cash or shares of the Company.

11. Stock Options

The Incentive Stock Option Plan (the "Plan") authorizes the Directors to grant options to purchase shares of the Company to directors, officers, employees and consultants. The exercise price of the options equals the five-day weighted average closing price prior to the option allotment. The majority of options granted vest over three years and are exercisable over five years from the date of issuance.

The Plan was amended on May 8, 2007 to allow for the maximum number of common shares issuable under the Plan to equal 10% of the issued and outstanding common shares of the Company at any point in time, and that options once exercised would be re-endorsed into the pool of un-granted options.

As at March 31, 2009, 2.8 million options are available for issuance under the Plan (December 31, 2008 – 3.0 million).

As at March 31, 2009, common share stock options held by directors, officers, employees and consultants are as follows:

Range of exercise prices (dollars)	Outstanding			Exercisable	
	Number of options (thousands)	Weighted average exercise price (dollars)	Weighted average remaining contractual life (Years)	Number of options (thousands)	Weighted average exercise price (dollars)
\$ 1.18 - 2.00	15,437	\$ 1.69	3.4	9,239	\$ 1.63
2.01 - 3.00	5,254	2.51	3.3	2,791	2.53
3.01 - 5.00	2,085	4.47	2.8	1,508	4.49
	22,776	\$ 2.13	3.3	13,538	\$ 2.13

During the year ended 2008 and the three-month period ended March 31, 2009, director, officer, employee and consultants stock options were granted, exercised and cancelled as follows:

	Number of options	Weighted average exercise price (dollars)
Balance - December 31, 2007	12,926	\$ 2.44
Options granted	11,240	1.95
Options expired	(279)	4.51
Options forfeited / cancelled	(822)	2.99
Options exercised	(551)	2.19
Balance - December 31, 2008	22,514	2.16
Options granted	600	2.44
Options forfeited / cancelled	(336)	4.31
Options exercised	(2)	1.56
Balance - March 31, 2009	22,776	\$ 2.13

The estimated fair value of stock options is amortized over the period in which the options vest which is normally three years. For those options which vest on a single date, either on issuance or on meeting milestones (the "measurement date"), the entire fair value of the vesting options is recognized immediately on the measurement date.

The fair value of stock options granted to personnel working on development projects is capitalized over the vesting period.

During 2008, the Company granted 3 million options with a fair value of \$2.6 million (\$0.87 per share option) that vested and were charged to Mineral Properties during the fourth quarter of 2008.

During the fourth quarter 2008, the Company granted 5 million options one-third of which vested upon issuance with the remainder vesting upon completion of certain milestones or under certain conditions of termination. The estimated fair value of the unvested options will be recognized and capitalized at the measurement date as the milestones are achieved and the value can be reasonably measured. As of March 31, 2009, the amount capitalized was \$1.0 million (\$0.60 per share option). The valuation was calculated with the following assumptions: risk-free interest rate of 1.51%, expected annual volatility of 84.58%, and expected life of options of 4 years. The remaining fair value of outstanding unvested options to be capitalized cannot be reasonably measured as of March 31, 2009.

During the first quarter 2009, the Company granted 0.5 million options which vest upon completion of certain milestones. The estimated fair value of the unvested options will be recognized and capitalized at the measurement date as the milestones are achieved and the value can be reasonably measured. As of March 31, 2009, the amount capitalized was \$Nil.

Of the 0.6 million options issued in first quarter 2009, 0.1 million will vest over a three-year period and the current period's valuation was calculated with the following assumptions:

	2009
Weighted average risk-free interest rate	1.32%
Volatility of the expected market price of share	99%
Weighted average expected life of options	2.7 years
Weighted average cost per option	\$ 1.36

As of March 31, 2009, the remaining fair value of outstanding measurable unvested options to be expensed is \$3.4 million, to be capitalized is \$1.5 million. For the three-month periods ended March 31, 2009 and 2008, the fair value of stock options expensed and capitalized is as follows:

	2009	2008
Expensed	\$ 1,389	\$ 520
Capitalized	\$ 263	\$ 266

12. Contributed Surplus

The following table identifies the changes in contributed surplus for the periods indicated:

	Total
Balance - December 31, 2007	\$ 8,807
Stock-based compensation	6,810
Exercise of stock options	(566)
Balance - December 31, 2008	15,051
Stock-based compensation	1,652
Exercise of stock options	(1)
Balance - March 31, 2009	\$ 16,702

13. Income Taxes

During the first quarter of 2008, the Company received a tax assessment for \$4.8 million related to a Romanian tax audit completed during the first quarter of 2008. The Company, having accrued in 2006 its then estimated tax liability, accrued an additional \$3.7 million in respect of the assessment, which arose from the disallowance of the application of state tax incentives related to unrealized foreign exchange gains on inter-company debt.

On April 10, 2008, the Company was advised by the Romanian tax authorities that they were re-opening and auditing fiscal years 2003 and 2004 which had been previously audited.

On June 24, 2008, the Company received a tax assessment for \$9.8 million related to another tax audit, for the years 2003 and 2004, initiated and completed during the second quarter of 2008. This assessment also arose from the disallowance of the application of state tax incentives related to unrealized foreign exchange gains on inter-company debt.

Based on the advice of its professional tax advisors, the Company believes that the tax authorities have misapplied the legislation and we are vigorously contesting the State's position through the courts.

14. Segmented Information

The Company has one operating segment: the acquisition, exploration and development of precious metal projects located in Romania.

Geographic segmentation of capital assets and mineral properties is as follows:

	March 31, 2009	December 31, 2008
Romania	\$ 468,758	\$ 451,280
Canada	416	479
Total	\$ 469,174	\$ 451,759

15. Financial Instruments

The recorded amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair values based on the short-term nature of those instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents that are held in investment accounts with major Canadian banks. As a consequence of the global financial crisis that began impacting the financial markets in the summer 2007, the Company adopted a strategy to minimize its credit risk by substantially investing in sovereign debt issued by Canadian Agencies, Provinces and the Federal Governments of Canada, the United States and France, with the balance of cash being invested in short-term Term Deposits issued by major Canadian banks.

The Company strives to maintain at least 85-90% of its cash and cash equivalent investments in sovereign debt. With the ongoing global financial crisis it is becoming increasingly difficult to source short-term sovereign debt that meets the Company's credit risk criteria and maturities schedule.

The Company is exposed to the credit risk of Romanian banks that hold and disburse cash on behalf of its Romanian subsidiaries. The Company manages its Romania bank credit risk by centralizing custody, control and management of its surplus cash resources in Canada at the corporate office and only transferring money to its Romanian subsidiary based on immediate cash requirements, thereby mitigating exposure to Romania banks.

The Company's credit risk is also attributable to value-added taxes receivable. Value-added taxes receivable are collectable from the Romanian government.

Liquidity risk

The Company has sufficient funds as at March 31, 2009 to settle current and long-term liabilities.

Market risk

(a) Interest rate risk

The Company has significant cash balances and no interest-bearing debt. As discussed above in the section entitled 'Credit Risk', the Company's policy is to primarily invest excess cash in sovereign guaranteed investments.

With the Company maintaining a short-term investment horizon, typically less than 90 days, for its cash and cash equivalent balances, it is highly susceptible to interest rate volatility as investments mature and are rolled over.

With a short-term investment horizon and the intent to hold all investments until maturity, the Company is only marginally exposed to capital erosion should interest rates rise and cause its fixed yield investments to devalue.

The Company's primary objective, with respect to cash and cash equivalents, is to mitigate credit risk. The Company has elected to forego yield in favour of capital preservation.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and its operations expose it to significant fluctuations in foreign exchange rates. The Company has monetary assets and liabilities denominated in Romanian Ron, United States dollars and European Union Euros, and is therefore, subject to exchange variations against the functional and reporting currency, the Canadian dollar.

The global financial crisis has led to dramatic volatility in the foreign currency markets. The Company maintains cash and cash equivalents in the currency of planned expenditures and is therefore highly susceptible to market volatility as foreign cash balances are revalued to the functional currency of the Company. Therefore, the Company may report significant foreign exchange gains or losses as significant market volatility continues.

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. As of March 31, 2009, the carrying amount of the financial instruments equals fair market value. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a "typical" three month period. The current global financial crisis has resulted in dramatic interest rate, commodity and currency volatility. The Company does not view these market conditions as "typical" and therefore the effect of interest rate changes and currency valuation changes on net income may be more dramatic than deemed "reasonably possible". Nonetheless, the Company has taken steps to reduce its risks as discussed above.

- Cash and cash equivalents include deposits which are at floating interest rates. Sensitivity of cash and cash equivalents to a plus or minus 1% change in earned interest rates would affect net income by \$0.1 million.
- The Company holds significant balances in foreign currencies, and this gives rise to exposure to foreign exchange risk. Sensitivity of the foreign currency balance as of March 31, 2009 to a plus or minus 1% change in foreign exchange rates would affect net income by \$0.3 million.

16. Capital Management

The Company's objective when managing capital is to safeguard its accumulated capital (cash on hand) in order to fund development of its Rosia Montana Project. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures.

Management has prepared a new financing plan that assumes neither the conventional bank debt market nor the bond market will be available in time to meet our financing needs. There are no assurances that this initiative will be successful. To safeguard capital and to mitigate currency risk, the Company strives to maintain at least 85-90% of its cash and cash equivalent investments in sovereign debt that reflect the currency of the planned expenditure.

17. Commitments and Contingencies

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

	Total	2009	2010	2011	2012	2013 and thereafter
Baisoara exploration license (<i>note 5</i>)	\$ 3,590	\$ 128	\$ 800	\$ 1,641	\$ 1,022	\$ -
Resettlement (<i>note 6</i>)	31,061	31,061	-	-	-	-
Goods and services (<i>a</i>)	5,131	4,639	107	9	9	367
Long lead time equipment (<i>b</i>)	15,943	15,913	30	-	-	-
Rosia Montana exploitation license (<i>c</i>)	2,360	236	236	236	236	1,416
Surface concession rights (<i>d</i>)	1,046	19	25	25	25	952
Lease agreements (<i>e</i>)	1,262	421	549	292	-	-
Total commitments	\$ 60,393	\$ 52,417	\$ 1,747	\$ 2,203	\$ 1,292	\$ 2,735

- (a) The Company and its subsidiaries have a number of agreements with arms-length third parties who provide a wide range of goods and services which totalled \$5.1 million at March 31, 2009 (December 31, 2008 – \$6.6 million). Typically, the service agreements are for a term of not more than one year and permit either party to terminate for convenience on notice periods ranging from 15 to 90 days. Upon termination, the Company has to pay for services rendered and costs incurred to the date of termination.
- (b) During 2007, the Company entered into purchase agreements for long-lead-time equipment, the cost of which is to be paid over three years beginning 2007. The following is a summary of the long-lead-time equipment orders and the payment status:

	March 31, 2009	December 31, 2008
Total purchase agreements:		
Grinding area systems	\$ 41,237	\$ 41,237
Crusher facilities	3,923	3,923
Foreign exchange movement	10,288	9,681
	55,448	54,841
Amount paid to date:		
Grinding area systems	(29,686)	(20,436)
Crusher facilities	(2,558)	(1,896)
Foreign exchange movement	(7,261)	(4,769)
Outstanding payment obligation	\$ 15,943	\$ 27,740

- (c) Under the terms of the Company's exploitation mineral license for the Rosia Montana Project, an annual fee is required to be paid to maintain the license in good standing. The current annual fee is approximately \$0.2 million. These fees are indexed annually by the Romanian Government and the license has 10 years remaining.
- (d) RMGC has approximately 42 years remaining on a concession agreement with the Local Council of Rosia Montana Commune by which it is granted exploitation rights in property located on and around the proposed Cîrnic pit for an annual payment of \$25 thousand.
- (e) The Company has entered into agreements to lease premises for various periods until May 31, 2011. The annual rent of premises consists of minimum rent plus realty taxes, maintenance and utilities.

The Company has an agreement with a consulting firm to provide financial advisory services in relation to defining and implementing the financing plan for development of the Rosia Montana gold project. A success fee of up to US\$4 million will be payable on execution of definitive credit agreements and/or financing documents for the senior, mezzanine and cost overrun debt facilities for the Project. No amount has been accrued for these services.

18. Supplemental Cash Flow Information

	March 31, 2009	March 31, 2008
(a) Net changes in non-cash working capital		
Operating activities:		
Accounts receivable, prepaid expenses and supplies	\$ (146)	\$ (318)
Accounts payable and accrued liabilities	2,666	(304)
Unrealized foreign exchange loss on working capital	78	30
	\$ 2,598	\$ (592)
Investing activities:		
Accounts receivable, prepaid expenses and supplies	\$ 2,923	(1,443)
Accounts payable and accrued liabilities	\$ (6,771)	(1,517)
Unrealized foreign exchange loss in non-cash working capital	-	(410)
	\$ (3,848)	\$ (3,370)
(b) Exploration and development expenditures		
Balance sheet change in mineral properties	\$ (8,653)	\$ (17,816)
Reclassification of mineral properties from prepaid expenses	-	25
Increase in resettlement liabilities	853	3,570
Non-cash depreciation and disposal capitalized	131	130
Stock based compensation capitalized	358	250
Exploration and development expenditures per cash flow statement	\$ (7,311)	\$ (13,841)
(c) Cash and cash equivalents is comprised of:		
Cash	\$ 11,128	\$ 602
Short-term investments (less than 90 days) - weighted average interest of 0.44% (2008 - 3.5%)	38,965	128,238
	\$ 50,093	\$ 128,840

19. Reclassification of Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.