



GABRIEL
Rosia Montana
IN PARTNERSHIP

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PRESS RELEASE

For Immediate Release

TSX Trading Symbol: GBU

FIRST QUARTER REPORT

Toronto, Canada: May 14, 2010

Highlights

“We continue to see positive reactions from members of Government and officials at all levels – an indication that our efforts to detail the benefits of our Project are having an impact,” said Keith Hulley, Chief Executive Officer. “With recent visits to the village by key Government ministers, we are confident there is a growing understanding of the benefits our Project brings to the local community and to Romania as a whole.”

Financial Performance

- First quarter net loss was \$15.4 million, or \$0.05 per share.
- A total of \$9.3 million was spent on our development projects during the first quarter.

Liquidity and Capital Resources

- Cash, cash equivalents and short term investments at March 31, 2010 totaled \$136.9 million.
- The revised base budget for 2010 on the Rosia Montana project (“the Project”) totals \$46 million, out of which \$39.3 remains to be spent over the balance of the year. The increase from the original 2010 budget is mainly due to the acceleration of certain commitments to the Rosia Montana community which will reduce the high unemployment in the area. This budget includes expenditures and commitments to maintain the value of our investment in mineral properties and to move the Project through EIA approval.
- Depending on Project re-start, the Company expects to spend approximately \$60 million in 2010 on the acquisition of remaining surface rights and various activities to acquire permits and approvals required to apply for construction permits.
- Corporate overhead costs are expected to total an additional \$4 million for the remaining part of the year.

Financing Plan

- In 2009 management developed a financing plan that assumes availability of senior debt financing in combination with equity and other potential financing sources in order to meet the Company’s financing needs. The new plan incorporates recent developments in both the debt and equity markets.
- The estimated capital cost to complete the development of the Rosia Montana Project – including interest, financing and corporate costs is approximately US\$1 billion, based on the 43-101 Technical Report filed in March 2009.

- The Company anticipates financing these costs with debt financing, including senior debt, mezzanine debt, vendor loans, silver sales and EU grants, with the balance to be financed through equity financing.
- The estimated capital cost to complete excludes a provision for a cost overrun facility, reclamation deposit, and hedging program if required by banks and agencies. These additional items could add US\$150 million to the financing plan.
- Once completed, the Project is expected to produce approximately 626,000 ounces of gold annually at an average total cash cost of approximately \$272/ounce over the first five years.

Rosia Montana Project Development

Political Situation

- The current Government, like its 2009 predecessor, is focused on an anti-crisis program to mitigate the impact of the financial and economic crisis, supported by the €20 billion aid package. Given the critical importance of sparking sustained economic development, the Company continues to draw public and political attention to the significant economic opportunity its Project represents, while conforming to the highest standards on environment, patrimony and social matters. In the last days of the 2009 presidential campaign, President Basescu made a strong statement regarding the importance of the Project, and within days of the new Government's appointment, the Minister of Economy included the Project in Romania's governing programme indicating a new appreciation for the benefits resource development can bring to Romania.
- In March 2010, the Minister of Economy made a fact-finding visit to the village of Rosia Montana, meeting with local officials and village residents to discuss the benefits that would flow from the mine development. At the end of April 2010, the Minister of Environment and Forestry and Minister of Culture, two key ministers for our Project, visited Rosia Montana. The public comments of the ministers reflect their support for our Project providing the Company complies with the law and protects the cultural heritage, two fundamental long-standing commitments made by the Company.
- In April 2010, opponents of cyanide-based mining seeking to ban the practice in the European Union pressed the European Parliament to support a complete ban on the use of cyanide mining technologies before the end of 2011. On May 5, 2010, the European Parliament had voted to adopt a motion seeking legislation to ban the use of cyanide-based technologies in mining in Europe. This motion has no legal effect as only the European Commission ("EC") has the authority to initiate directives or regulations that, if subsequently approved by the Parliament and EU Council, must then be transposed into domestic law across EU member states. However, it is up to the EC whether further amendments to existing EC directives dealing with cyanide use in mining are required. A European Commissioner present for the debate indicated that the EC was not supportive of a general ban on cyanide, while stating the ongoing importance of the implementation of the EU Mine Waste Directive covering cyanide use.
- Throughout 2009 and 2010, management continued to meet with stakeholders to understand their issues and concerns and to explain the benefits and impacts of the Project. Continued strong local and regional support among public officials is a direct result of our outreach. Our communication efforts are fact based, focusing on the critically-needed economic benefits the Project will bring to Romania at a time when the country faces the impact of the global financial crisis. While political and NGO

opposition remains, broader understanding of these economic and development issues is a factor in the positive reaction to the Project among Romania's governing authorities.

- The Project continues to receive strong support from members of the local and regional political leadership of both parties in the coalition government. The focus of this support continues to be urging Romania's national government to restart the Environmental Impact Assessment ("EIA") review process immediately.

Environmental/Permitting

- Since the fall of 2007, review of the Project's EIA has been suspended as a result of a decision taken by the former Minister of Environment and Forestry ("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 2009 and 2010, management has been focused on initiating and maintaining dialogue with the various ministries in the Romanian government with respect to the EIA review process. The change in government in December 2009 has resulted in a more active dialogue with senior members of the government and key officials to move our project forward.
- At the end of April 2010, local authorities issued RMGC a new urbanism certificate ("UC") for the Project. The Company delivered the new UC to the Ministry of Environment and Forestry in early May, with the expectation that receipt of this certificate would allow the Minister to direct the Technical Analysis Committee ("TAC") process to recommence.
- The Company is moving forward with the amended industrial zonal urbanistic plan ("Amended PUZ"), having completed four public participation meetings and prepared responses to the questions received from these public consultations including questions received from Hungarian stakeholders which were filed with the Ministry of Environment.
- In addition, the Local Council has initiated the process for the zonal urbanistic plan for the protected area ("PUZ – Protected Area"). The plan has been drafted and the final form endorsed by the Local Council as a result of the public consultation. Assuming a normal path along the permitting stage, we expect a final approval for Amended PUZ and PUZ-Protected Area in the fourth quarter of 2010.
- The forestry and agricultural land use change permits will proceed after the EIA has been approved and surface rights obtained.
- The dam safety permits which were validated by the Bucharest Court of Appeal remain before the Supreme Court under appeal by the MOE.

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, 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.

- 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.

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.
- The Company also needs to acquire institutional properties (35 percent of the surface area of the Project) and the process to acquire these is underway and expected to be completed after EIA approval.
- Once the Company completes the agreements for institutional properties, its ownership will rise to approximately 85 percent of the industrial zone 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 within the footprint of the construction permits in the industrial zone, the timing of which is not entirely within the Company's control.

Resettlement Sites

- The construction of all 125 homes in the Recea resettlement site in Alba Iulia have been physically completed with 124 homes handed over to their respective owners. The last home is ready and will be handed over in the second quarter of 2010. This project has attracted attention regionally and nationally for the quality of its design and construction and it is a visible testimony to the determination of the Company to deliver on its promises to the people of Rosia Montana.
- The Company is currently working to obtain permits for the construction of Piatra Alba, the new resettlement village to be built in Rosia Montana. The Company expects to obtain the construction permit in the second quarter of 2010. Planning is advancing in order to allow mobilization on granting of the construction permits.

Archaeology

- The Supreme Court annulled archaeological discharge certificate ("ADC") number 4 in December 2008. The Company has reviewed the Court's written reasons for this decision and intends to apply for a new ADC through a revised application performed by independent researchers that it believes will address all deficiencies identified by the Court.
- The Company has concluded the restoration of a historical home located in the center of Rosia Montana to host a permanent exhibition of history and mining archaeology, which will be part of the future Mining Museum (this being one of the public commitments made in the EIA).

- In the meantime the Company continued the emergency maintenance works for 120 houses located in the historical center of Rosia Montana, with the aim to stop their deterioration. The restoration of these houses will continue through a multi-year program, which will run in parallel with the construction and the operations phase of the mining project.

CEO Search

- The Company expects the CEO search process to be successfully concluded during the second quarter.

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 in the permitting stage and preparing to develop its 80.46% owned Rosia Montana gold project. For more information please visit the Company's website at www.gabrielresources.com.

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, 2010 and 2009. 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, 2010 and 2009, as well as the audited Consolidated financial statements of the Company as at and for the year ended December 31, 2009 and 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 14, 2010, and the Company's public filings, including its most recent Annual Information Form, can be reviewed on the SEDAR website (www.sedar.com).

Overview

Gabriel is a 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 in the permitting stage and preparing to develop its 80.46%-owned Rosia Montana gold project (the "Project"). Minvest S.A. ("Minvest"), a Romanian state owned mining company, and one other private Romanian company, hold a 19.54% interest in Rosia Montana Gold Corporation ("RMGC"), and Gabriel holds the pre-emptive right to acquire the 19.54% minority interest. RMGC will be required to pay 4% net smelter royalty on all production from the Project to the Romanian Government.

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

Political Situation

On December 6, 2009 the incumbent President Traian Basescu was re-elected for a second 5-year term in office. Upon his re-election President Basescu asked former Prime Minister Emil Boc to form a new government; and a new governing coalition was sworn in December 22, 2009, comprised of the PDL, UDMR, plus Independent and Minority bloc parliamentarians. This current government, like its 2009 predecessor, is focused on an anti-crisis program to mitigate the impact of Romania's financial and economic crisis, supported by the €20 billion aid package. Given the critical importance of sparking sustained economic development, the Company continues to draw public and political attention to the significant economic opportunity its Project represents, while conforming to the highest standards on environment, patrimony and social matters.

With Romania working to comply with the requirements of its International Monetary Fund (“IMF”) emergency loan and the imperative of reducing the government’s budget deficit and generating jobs and growth, economic development moved to the top of the political agenda.

The Project continues to receive strong support from members of the local and regional political leadership of both parties in the coalition government. The focus of this support continues to be urging Romania’s national government to restart the Environmental Impact Assessment (“EIA”) review process immediately.

In the last days of the 2009 presidential campaign, President Basescu made a strong statement regarding the importance of the Rosia Montana Project (“the RMP”), and within days of the new Government’s appointment, the Minister of Economy included the RMP in Romania’s governing programme indicating a new appreciation for the benefits resource development can bring to Romania. In March 2010, the Minister of Economy made a fact-finding visit to the village of Rosia Montana, meeting with local officials and village residents to discuss the benefits that would flow from the mine development. At the end of April 2010, the Minister of Environment and Minister of Culture, two key ministers for our project, visited Rosia Montana. The public comments of the ministers reflect their support for our project providing the Company complies with the law and protects the cultural heritage, two fundamental and long-standing commitments made by the Company.

In April 2010, opponents of cyanide-based mining seeking to ban the practice in the European Union pressed the European Parliament to support a complete ban on the use of cyanide mining technologies before the end of 2011. Members of European Parliament in Romania and other EU nation’s home to gold mining operations spoke out against the ban, indicating that the ban would effectively render it impossible to develop gold resources, and pointing to the strict EU directive governing cyanide use as sufficient to ensure public health and safety. A European Commissioner present for the debate indicated that the European Commission (“EC”) was not supportive of a general ban on cyanide, while stating the ongoing importance of the implementation of the EU Mine Waste Directive covering cyanide use. On May 5, 2010, the European Parliament had voted to adopt a motion seeking legislation to ban the use of cyanide-based technologies in mining in Europe. This motion has no legal effect as only the EC has the authority to initiate directives or regulations that, if subsequently approved by the Parliament and EU Council, must then be transposed into domestic law across EU member states. However, it is up to the EC whether further amendments to existing EC directives dealing with cyanide use in mining are required.

Under previous governments, several “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. Two such bills remain in the Parliamentary Committee process. 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. In the ordinary course of any Parliamentary session many legislative bills are introduced for debate some of which, when passed in their final form, could have an adverse impact on the Project from an economic, permitting or operations perspective. At this time the Company cannot predict what these potential outcomes may be given the inherent unpredictability of the parliamentary review process, however the two private members bills mentioned above are the only ones currently before Parliament which have been expressly proposed to stop the Project.

Throughout 2009 and 2010 management continued to meet with stakeholders to understand their issues and concerns and to explain the benefits and impacts of the Project. Continued strong local and regional support among public officials is a direct result of our outreach. Our communication efforts are fact based, focusing on the critically-needed economic benefits the Project will bring to Romania at a time when the country faces the impact of the global financial crisis. While political and NGO opposition remains, broader understanding of these economic and development issues is a factor in the positive reaction to the Project among Romania's governing authorities.

Environmental/Permitting

Since the fall of 2007, review of the Project's EIA has been suspended as a result of a decision taken by the former Minister of Environment and Forestry (the "MOE"). Since that time, Management has worked diligently to advocate in favor of a restart of the EIA review process and advance the permitting process for the Project. Throughout 2009 and 2010 management has been focused on initiating and maintaining dialogue with the various ministries in the Romanian government with respect to the EIA review process. The change in government in December 2009 has resulted in a more active dialogue with senior members of the government and key officials to move our project forward.

Romania's current Minister of Environment and Forestry has indicated numerous times that he considers a valid urbanism certificate ("UC") necessary to restart the EIA review process. The Company maintains its position that a UC is not required to conduct the EIA review process under Romanian law or EU directives. At the end of April 2010, local authorities issued RMGC a new urbanism certificate for the Rosia Montana Project; The Company delivered the new UC to the Ministry of Environment and Forestry in early May, with the expectation that receipt of this certificate would allow the Minister to direct the Technical Analysis Committee ("TAC") process to recommence.

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/agriculture 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. The Company is moving forward with the amended industrial zonal urbanistic plan ("Amended PUZ"), having completed four public participation meetings and prepared responses to the questions received from these public consultations, including questions received from Hungarian stakeholders which were filed with Ministry of Environment. In addition, the Local Council has initiated the process for the zonal urbanistic plan for the protected area ("PUZ – Protected Area"). The plan has been drafted and the final form endorsed by the Local Council as a result of the public consultation. A notification to Environmental Protection Agency has been issued in order to obtain the other necessary endorsement. Assuming a normal path along the permitting stage, we expect a final approval for Amended PUZ and PUZ-Protected Area in the fourth quarter of 2010. The forestry and agricultural land use change permits will proceed after the EIA has been approved and surface rights obtained. The dam safety permits for the Rosia Montana project which were validated by the Bucharest Court of Appeal remain before the Supreme Court under appeal by the MOE. 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.

Litigation

A number of foreign-funded and Romanian NGOs 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 some of the actions have been successful, most have been frivolous. These legal challenges include civil actions 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 and archeological discharge certificates. Gabriel, through RMGC, has intervened in all 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 the Company has 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.

In January 2010, two court claims were initiated challenging the legality of RMGC's share capital increase transaction. The first claim, connected to RMGC's attempt to register such capital change with the Alba County Trade Registry, was dismissed by the court on February 19, 2010. The second claim also challenged the legality of the share capital increase process and further requested the dissolution of RMGC. In April 2010, the plaintiff withdrew this second claim before the second hearing and the court acknowledged this withdrawal and termination of the claim.

In matters of tax assessment, on April 21, 2010, the Supreme Court admitted an RMGC appeal and cancelled irrevocably the fiscal audit assessment concerning the period 2003-2004 which totaled approximately \$9.8 million. The timeframe and process for seeking recovery of this amount is uncertain at this time.

RMGC's two other litigation claims in which it has acted as the plaintiff both involve the MOE and both remain before the Supreme Court. The initial claim filed in November 2007 seeks an order compelling the MOE to re-commence the EIA review process, which has been suspended since September 2007 based on a decision of a prior Minister of Environment. This case is under final appeal by RMGC. The second claim seeks an order compelling the MOE to issue two dam safety permits for the Rosia Montana Project. This decision is under final appeal by the MOE. RMGC expects final resolution of these cases during 2010.

Litigation involving NGO claims seeking the cancellation of urbanism certificate No. 68 remain before the courts and the timeframe for their resolution is uncertain at this time. In April 2010, RMGC withdrew its final appeal involving the annulment decision concerning urbanism certificate No.105. On May 14, 2010 RMGC received notice of a new claim seeking the suspension of the most recent urbanism certificate issued for the Rosia Montana Project. The timeframe for resolution of this claim is uncertain at this point.

No other definitive decisions related to outstanding litigation were issued during the first quarter of 2010.

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 underway and expected to be completed after the approval of the EIA.

Once the Company completes the agreements for institutional properties, its ownership will rise to approximately 85 percent of the industrial zone 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 within the footprint of the construction permits 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. The construction of all 125 homes in the Recea resettlement site in Alba Iulia have been physically completed with 124 homes handed over to their respective owners. The last home will be handed over in the second quarter of 2010. This project has attracted attention regionally and nationally for the quality of its design and construction and it is a visible testimony to the determination of the Company to deliver on its promises to the people of Rosia Montana.

The Company is currently working to obtain permits for the construction of Piatra Alba, the new resettlement village to be built in Rosia Montana. The Company expects to obtain the construction permit in the second quarter of 2010. Planning is advancing in order to allow mobilization on granting of the construction permits.

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 certificate 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 has reviewed the Court's written reasons for this decision and intends to apply for a new ADC 4 through a revised application performed by independent researchers that it believes will address all deficiencies identified by the Court.

The Company has concluded the restoration of a historical home located in the center of Rosia Montana to host a permanent exhibition of history and mining archeology, which will be part of the future Mining Museum (this being one of the public commitments made in the EIA). Since its opening in late March 2010, more than 400 people have visited the Mining Museum. The Company received extremely positive feedback from the local community emphasizing the Company's contribution to the cultural patrimony.

In the meantime, the Company continued the emergency maintenance works for 120 houses located in the historical center of Rosia Montana, with the aim to stop their deterioration. The

restoration of these houses will continue through a multi-year program, which will run in parallel with the construction and the operations phase of the mining project.

CEO Search

The Company expects the CEO search process to be successfully concluded during the second quarter.

Liquidity and Capital Resources

Cash, cash equivalents and short term investments at March 31, 2010 totaled \$136.9 million.

The revised base budget for 2010 on the Rosia Montana Project totals \$46 million, out of which \$39.3 remains to be spent over the balance of the year. The increase from the original 2010 budget is mainly due to the acceleration of certain commitments to the Rosia Montana community which will reduce the high unemployment in the area. This budget includes expenditures and commitments to maintain the value of our investment in mineral properties and to move the Project through EIA approval. In addition to the base budget, and depending on the Project re-start, the Company expects to spend approximately \$60 million in 2010 on the acquisition of remaining surface rights and various activities to acquire permits and approvals required to apply for construction permits. Corporate overhead costs are expected to total an additional \$4 million for the remaining part of the year.

Expected Financing Plan

In 2009 management developed a financing plan that assumes availability of senior debt financing in combination with equity and other potential financing sources in order to meet the Company's financing needs. The plan incorporates recent developments in both the debt and equity markets.

- The estimated capital cost to complete the development of the Rosia Montana Project – including interest, financing and corporate costs is approximately US\$1 billion.
- The Company anticipates financing these costs with debt financing, including senior debt, mezzanine debt, vendor loans, silver sales and EU grants, with the balance to be financed through equity financing.
- The estimated capital cost to complete does not include a provision for (i) a cost overrun facility, (ii) a financial guarantee (reclamation deposit), or (iii) hedging program if required by the banks and agencies. These additional items could add US\$150 million to the financing plan.
- The Company holds an exploitation concession license with respect to the Rosia Montana Project, whose initial term expires in 2019. The mining plan for the Rosia Montana Project envisions a 16 year operating life plus additional time for closure and remediation activities. As part of the project financing, the banks will likely require confirmation that the mining license will be extended for at least one five year term.

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

- In response to the repeated requests for a new urbanism certificate for the Rosia Montana Project by the current Minister of Environment and Forestry, RMGC obtained and delivered one to the MOE in May, 2010.

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.

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. Obtaining approval of our EIA and all other required permits;
2. Beginning construction of the new resettlement village at Piatra Alba;
3. Raising the required debt and equity to build the Project;
4. Beginning Project construction; and
5. Maximizing shareholder value, as the markets recognize project advancement, while ensuring that the Project benefits those in the community and the surrounding area to the optimum possible extent.

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:

in thousands of Canadian dollars, except per share amounts

	2010 Q1	2009 Q4	2009 Q3	2009 Q2
Statement of Loss				
Loss	\$ 15,439	\$ 10,729	\$ 7,082	\$ 1,798
Loss per share - basic and diluted	0.05	0.03	0.02	0.01

Balance Sheet				
Working capital	124,604	148,715	95,838	109,518
Total assets	642,189	658,694	608,399	624,991

Statement of Cash Flows				
Investments in development and exploration including working capital changes	13,185	13,004	10,689	11,194
Cash flow provided by (used in) financing activities	857	70,260	(435)	112,908

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

Statement of Loss

	3 months ended March 31,	
<i>in thousands of Canadian dollars, except per share amounts</i>	2010	2009
Total operating expenses for the period	\$ 2,415	\$ 6,718
Loss for the period	15,439	6,969
Loss per share - basic and diluted	0.05	0.03

Total operating expenses for the three-month period ended March 31, 2010 decreased from the corresponding period in 2009 primarily due to \$3.2 million charge in the first quarter of 2009 resulting from non-recurring retiring allowance including the expensing of share-based compensation for the Company's former Chief Executive Officer. The decrease is also due to a decrease in DSU expense of \$1 million resulting from a decline in the Company's share price from December 31, 2009.

Loss for the first quarter 2010 increased from the same period in 2009 mainly due to an increase in foreign exchange loss of \$13 million partially offset by lower operating expenses of \$4.3 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>	2010	2009
Finance	\$ 233	\$ 197
External communications	192	165
Information technology	74	76
Legal	159	184
Payroll	669	3,187
Other	397	354
Corporate, general and administrative expense	\$ 1,724	\$ 4,163

Corporate, general and administrative costs are those costs incurred by the corporate office in Toronto. Excluding a non-recurring retiring allowance of \$2.4 million for the Company's former Chief Executive Officer charged in the first quarter of 2009, corporate, general and administrative costs for the three-month period ended March 31, 2010 were comparable to the same period in 2009. Corporate, general and administrative costs are anticipated to rise (excluding the cost of non-recurring items) 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>	2010	2009
DSUs - expensed (recovered)	\$ (33)	\$ 953
Stock option compensation - expensed	554	1,389
Stock based compensation - expensed	\$ 521	\$ 2,342
DSUs - capitalized	\$ -	95
Stock option compensation - capitalized	297	263
Stock based compensation - capitalized	\$ 297	\$ 358

DSU Compensation

Number of DSUs issued	5,962	13,721
Average value ascribed to each DSU issued	\$ 4.34	\$ 2.46

The recovery of DSU expense for the three-month period ended March 31, 2010 reflects the decline in the Company's share price since the beginning of the period, partially offset by the issuance of 6 thousand DSU's during the period. The Company's closing share price at March 31, 2010 was \$4.21 per share while at December 31, 2009 the closing share price was \$4.37.

Initially valued at the five-day weighted average 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, or capitalized to Mineral Properties. Overall, for the three-month period ended March 31, 2010, our share price decreased by \$0.16 compared to December 31, 2009, while for the same period in 2009, our share price increased by \$0.88 from December 31, 2008.

	3 months ended March 31,	
	2010	2009
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.

No stock options were issued during the first quarter of 2010.

Project Financing Costs

<i>in thousands of Canadian dollars</i>	3 months ended March 31,	
	2010	2009
Project Financing Costs	\$ 112	\$ 150

The project financing costs for the three-month period ended March 31, 2010 were comparable to those of the same period in 2009.

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

Interest Income

<i>in thousands of Canadian dollars</i>	3 months ended March 31,	
	2010	2009
Interest Income	\$ 121	\$ 64

Higher interest income in first quarter 2010 compared to first quarter 2009 is the result of higher average cash balances. As at March 31, 2010, we had cash, cash equivalents, and short-term investments of \$136.9 million compared to \$50.1 million as at March 31, 2009.

The Company is focused on minimizing credit risk and therefore is foregoing higher yields on its investments and is investing predominantly in government guaranteed instruments. Approximately 87 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

<i>in thousands of Canadian dollars</i>	3 months ended March 31,	
	2010	2009
Foreign exchange loss - realized	\$ 410	\$ 108
Foreign exchange loss - unrealized	12,733	207
Total foreign exchange loss	\$ 13,143	\$ 315

During 2009, the Company converted the majority of the cash raised from two private placements and a public offering to foreign currencies to match anticipated foreign denominated expenditures. Since the purchase of foreign currencies, the Canadian dollar strengthened relative to the foreign currencies acquired, resulting in realized and unrealized foreign exchange losses for the three-month period ended March 31, 2010. As a result of a higher average cash balance in the first quarter of 2010 and strengthening of Canadian dollar to EURO and USD, main currencies

held by the Company, the realized and unrealized foreign exchange losses for the first quarter of 2010 were by \$12.8 million higher than in the same period in 2009.

The Company maintains a Canadian dollar cash position to fund corporate, general and administrative activities, while the majority 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

In April 2010, the Supreme Court in Romania admitted an RMGC appeal and cancelled irrevocably the fiscal assessment concerning the period 2003 and 2004 which totaled \$9.8 million. The original assessment arose from the disallowance of the application of state tax incentives related to unrealized foreign exchange gains on inter-company debt.

The Company will seek to obtain the reimbursement for the taxes paid in previous years once the written Supreme Court decision is received. The timeframe and process for seeking recovery of the full amount is uncertain at this time. As of March 31, 2010 no recovery amount was recorded in the financial statements.

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, social support to local communities, 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, 2010 and 2009.

	3 months ended	
	March 31,	
<i>in thousands of Canadian dollars</i>	2010	2009
Finance and administration	\$ 1,677	\$ 2,609
External communications	2,501	1,212
Legal	1,213	1,191
Permitting	400	755
Community development	1,139	1,149
Project management and engineering	1,362	1,531
Exploration - Rosia Montana	164	172
Exploration - Bucium	-	-
Exploration - Baisoara	17	35
Capitalized depreciation net of disposals	(112)	(131)
Capitalized stock based compensation	(297)	(358)
Reclassification to mineral properties	-	-
Net adjustments of resettlement liabilities and construction in progress	221	(853)
Total exploration and development expenditures	\$ 8,285	\$ 7,311

During the three-months ended March 31, 2010, finance and administration costs decreased compared to the corresponding 2009 period primarily due to foreign exchange gains on trade payables and resettlement obligations. During the three-months ended March 31, 2010, the US dollar, Euro and RON weakened against the Canadian dollar resulting in foreign exchange gains capitalized by the Romanian subsidiary. As at March 31, 2010 and 2009, the Company's Romanian subsidiary had outstanding foreign denominated liabilities for service and goods providers and resettlement obligations.

External communications costs increased for the three-months ended March 31, 2010 compared to the same period last year mainly due to the media campaign initiated in the first half of 2009. The Company entered into a professional service agreement with an international communication firm, which term is three years from the commencement date of March 1, 2009 until February 29, 2012. The agreed fee consists of an annual fee and success fee payable at the end of three years agreement upon fulfillment of certain criteria.

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>	2010	2009
Resettlement site development costs	\$ 1	\$ 2,120
Investment in long-lead-time equipment	925	6,806
Other	108	30
Total investment in capital assets	\$ 1,034	\$ 8,956
Depreciation and disposal - expensed	\$ 58	\$ 63
Depreciation and disposal - capitalized to mineral properties	\$ 112	\$ 131

The construction of all 125 homes at the Recea resettlement site in Alba Iulia has been physically completed with 124 homes handed over to their respective owners. The last home is ready and will be handed over in the second quarter of 2010.

The Company is currently working to obtain permits for the construction of Piatra Alba, the new resettlement village to be built in Rosia Montana. The Company expects to obtain the construction permit in the second quarter of 2010. Planning is advancing in order to allow mobilization on granting of the construction permits.

The final installments for the mills are expected to be made in 2010 (\$3.5 million) and 2011 (\$0.1 million) at which point the grinding area systems and crushing facilities will be fully paid for and in the possession of the Company. In order to minimize the transportation, storage expenditures and other costs, the Company evaluated various strategies for storing completed equipment and based on the final evaluation the equipment is currently stored at three main locations in accordance with manufacturer's specifications.

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 and warrants outstanding, and the equity markets. The cost to complete the Project was estimated at US\$876 million based on a revised cost estimate in March 2009. To complete the development of the Project, the Company will need financing of approximately US\$1 billion, to fund capital costs of US\$876 million plus working capital, interest, financing and corporate costs of US\$124 million. Management has developed a financing plan that assumes availability of senior debt financing in combination with equity and other potential financing sources in order to meet the Company's financing needs. If we were unable to raise the required funds, we would seek strategic alternatives to move the Project towards development.

In 2009, the Company raised \$180 million net of acquisition costs through two private placements and a public equity offering.

As at March 31, 2010, we had cash, cash equivalents, and short-term investments of \$136.9 million compared to \$50.1 million at March 31, 2009. Substantially all of these amounts are invested in government guaranteed investments.

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 Euro and some in US dollars 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. 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 three month period:

- Cash and cash equivalents include deposits which are at floating interest rates. A plus or minus 1% change in earned interest rates would affect net income from deposits by \$0.2 million.
- For short-term investments 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. A plus or minus 1% change in foreign exchange rates would affect net income by \$1.2 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, 2010, we had working capital, calculated as total current assets less total current liabilities, of \$124.6 million versus \$148.7 million as at December 31, 2009. The decrease in working capital in first quarter 2010 relates to the loss incurred during the period, investments in mineral properties and payments on capital assets.

As at March 31, 2010, we had current liabilities of \$14.1 million of which \$5.2 million relates to our resettlement obligations stemming from the acquisition of homes in the Project area. The construction of all 125 homes at the Recea resettlement site in Alba Iulia has been physically completed with 124 homes handed over to their respective owners. The last home will be handed over and legal transfer of seven remaining homes will be finalized in the second quarter of 2010. The Company is currently working to obtain permits for the construction of Piatra Alba, the new resettlement village to be built in Rosia Montana.

Net Change in Non-Cash Working Capital

Operating non-cash working capital decreased for the three-months ended March 31, 2010 compared to the same period in 2009 due to a decrease in payables and accrued liabilities.

The increase in investing non-cash working capital for the three-months ended March 31, 2010 compared to the same period in 2009 is primarily due to a decrease in receivables and an increase in payables and accrued liabilities of the Romanian subsidiary's as well as due to unrealized foreign exchange losses on short-term investments.

Related Party Transactions

In December 2004, the Company loaned a total of US\$971 thousand to the four minority shareholders of RMGC, who held an aggregate of 20% of the shares of RMGC, to facilitate a statutory requirement to increase RMGC's total share capital. During 2009 the Company purchased shares held in RMGC by two of its minority shareholders. Upon completion of this transaction, the outstanding indebtedness of the two minority shareholders of \$23 thousand was deemed to be paid in full.

During 2009, the Company received a formal offer to purchase the shares held in RMGC by two of its minority shareholders (the "Minority Shareholders"), each of whom owned 23,967 common shares in RMGC representing each 0.23% of its share capital. The Company responded to the offer of the minority shareholders and has purchased 47,934 common shares of RMGC held by the Minority Shareholders for 222,708 shares of Gabriel and for US\$0.8 million in cash. As a result of these transactions, the Company's ownership interest in RMGC increased from 80% to 80.46%.

In 2009, the Company loaned a further US\$40 million to the remaining two minority shareholders of RMGC to facilitate another statutory share capital increase in RMGC.

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. For those residents who choose the resettlement option, the Company increases its mineral properties on the balance sheet as well as resettlement liabilities for the anticipated construction costs of the resettlement houses. As the construction takes place, the cost of newly built houses are capitalized as construction in progress. After the transfer of legal title of the property is completed, the Company reduces the amounts capitalized as construction in progress and at the same time its resettlement liabilities. All resettlement associated costs will remain capitalized in mineral properties and amortized over the life of the mine once the project moves into production.

At March 31, 2010, the Company had accrued resettlement liabilities totaling \$5.2 million (December 31, 2009 – \$5.4 million), which represents the cost of building the remaining new homes for the local residents and outstanding delay penalties.

The construction of all 125 homes at the Recea resettlement site in Alba Iulia has been physically completed with 124 homes handed over to their respective owners. The last home is ready and will be handed over in the second quarter of 2010. The Company is currently working to obtain permits for the construction of Piatra Alba, the new resettlement village to be built in Rosia Montana. 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 paid or

accrued 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, 2010, the Company has accrued \$0.4 million (December 31, 2009 - \$0.4 million) representing its total estimated delay penalty. During the three-months ended March 31, 2010, the Company paid \$58 thousand of delay penalties (2009 – \$0.1 million).

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. Upon granting of the license, the Company committed 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.

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 \$12.9 million at March 31, 2010 (December 31, 2009 – \$14.7 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.

During 2007, the Company entered into purchase agreements for long-lead-time equipment, the cost of which is to be paid over several years beginning 2007. As at March 31, 2010 outstanding commitments under such agreements totaled \$3.6 million (December 31, 2009 – \$5.1 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 obligations are denominated in foreign currencies.

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

	Total	2010	2011	2012	2013	2014 and thereafter
Baisoara exploration license	\$ 2,718	\$ 179	\$ 2,539	\$ -	\$ -	\$ -
Resettlement	4,413	-	4,413	-	-	-
Goods and services	12,940	10,904	623	1,102	7	304
Long lead time equipment	3,600	3,488	112	-	-	-
Rosia Montana exploitation license	1,602	200	200	200	200	802
Surface concession rights	827	20	20	20	20	747
Lease agreements	653	81	404	168	-	-
Total commitments	\$ 26,752	\$ 14,872	\$ 8,310	\$ 1,490	\$ 227	\$ 1,853

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

	March 31,	December 31,
	2010	2009
Total purchase agreements:		
Grinding area systems	\$ 41,731	\$ 41,731
Crusher facilities	3,961	3,961
Foreign exchange movement	585	3,023
	46,277	48,715
Amount paid to date:		
Grinding area systems	(38,340)	(37,011)
Crusher facilities	(3,881)	(3,881)
Foreign exchange movement	(456)	(2,676)
Outstanding payment obligation	\$ 3,600	\$ 5,147

New Accounting Pronouncements

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.

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. The Company opted to early adopt these standards as at December 31, 2009 and applied Section 1602, "Non-Controlling Interests", in accounting for the purchase of minority interest shares (refer to Note 9). Consequently, the difference between the carrying amount of the minority interest shares and the fair value of the consideration paid was recognized directly in shareholders' equity. The early adoption of Section 1582, "Business Combinations" and Section 1601, "Consolidated Financial Statements", did not have an impact on the Company's consolidated financial statements.

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 including comparative IFRS financial results and an opening balance sheet as at January 1, 2010. The first annual IFRS consolidated financial statements will be prepared for the year ended December 31, 2011 with restated comparatives for the year ended December 31, 2010.

Management has developed a project plan for the conversion to IFRS based on the 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.

Management has completed phase one, IFRS diagnostic assessment, and is now advancing through phase two, implementation and education. Management has prepared a component evaluation of its existing financial statement line items, comparing Canadian GAAP to the corresponding IFRS guidelines, and has identified a number of potential differences. Many of the differences identified are not expected to have a material impact on the reported results and financial position.

We expect that most of the adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. During the third quarter of 2009, management held an IFRS educational session for the Audit Committee and the Board of Directors which focused on the key issues and transitional choices under IFRS 1.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies are expected to impact the Company's consolidated financial statements based on the accounting policy choices approved by the Audit Committee and Board of Directors. In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

Impairment Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows. International Accounting Standard (IAS) 36, "Impairment of Assets" uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in write downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

Share Based Payments

IFRS and Canadian GAAP largely converge on the accounting treatment for share – based transactions with only a few differences.

Canadian GAAP allows either accelerated or straight line method of amortization for the fair value of stock options under graded vesting. Currently, the Company is using the straight line amortization method. IFRS 2, on the other hand, allows only the accelerated method.

Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur.

Upon adoption of IFRS, the Company will change both the method of amortization, which would give rise to an accelerated compensation expense, and the method of forfeiture recognition.

Exploration and Evaluation Assets

Under the Company’s current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized.

Upon adoption of IFRS, the Company has to determine the accounting policy for exploration and evaluation assets. The Company may decide to apply the International Accounting Standards Board (“IASB”) Framework which requires exploration expenditures to be expensed and capitalization of expenditures only after the completion of a feasibility study or disregard the IASB Framework and keep the existing Company’s policy, if relevant and reliable. Management decided to fully adopt IFRS 6, “Exploration and Evaluation of Mineral Properties”, and apply the IASB framework. As a result, management has analyzed mineral properties and identified \$28 million of exploration costs capitalized before the feasibility studies for Rosia Montana and Bucium were completed, as well as all exploration costs related to Biasoara. If the Company applies the IASB Framework at the transition date, mineral properties would decrease by \$28 million together with an increase to accumulated deficit by the same amount reflecting the derecognized exploration costs.

Property, Plant and Equipment

Under IFRS, Property, Plant and Equipment (“PP&E”) can be measured at fair value or at cost while under Canadian GAAP, the Company has to carry PP&E on a cost basis and the revaluation is prohibited.

Upon adoption of IFRS, the Company has to determine whether to elect a cost model or revaluation model. Management decided to adopt the cost model for both initial recognition and as subsequent accounting policy for all classes of assets. As a result there will be not significant impact on the adoption of IFRS on the Company’s financial statements.

In accordance with IAS 16 “Property, Plant and Equipment”, the Company needs to allocate an amount initially recognized in respect of an asset to its component parts and account for each component separately when the components have different useful lives or the components provide benefits to the entity in a different pattern. Based on an initial valuation, there is currently no impact of the component accounting on our earnings. Management expects that once we enter commercial production the impact of the component accounting will not be significant.

Foreign Currency

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and the entity’s financial results and position should be

measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Currently the functional currency of the consolidated entity is the Canadian dollar (“CAD”) which is also the presentation currency of the Company’s financial statements. As the project progresses and the underlying transactions, events and conditions relevant to the entities change, the Company will re-consider the primary and secondary indicators, as described in IAS 21, in determining the functional currency for each entity. Going forward under IFRS, management expects that the functional currency will change either during construction, after project financing is finalized, or when the Company enters into commercial production. At that time management will assess the appropriate functional currency based on existing circumstances which may have a significant impact on the Company’s consolidated financial statements prepared under IFRS.

During the second quarter of 2010, management will determine the impact of the IFRS adoption at the transition date on our financial statements, update internal accounting and business process documentation reflecting the transition to IFRS and finalize opening balance sheet with the required notes disclosure. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company’s consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

In addition, management will finalize the IT system set up to be able to generate all information required to be reported under IFRS. .

One of the more significant impacts identified to date of adopting IFRS 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. The Company will continue to assess the level of presentation and disclosures required to its consolidated financial statements.

CEO/CFO Certification

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

Our CEO and CFO certify that, as at March 31, 2010, 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 the first quarter 2010 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	341,462,638
Common stock options	21,996,300
Common stock warrants	31,125,000
Deferred share units - common shares	394,559
Fully diluted share capital	394,978,497

Proven and Probable Mineral Reserves

The Company maintains an 80.46 percent economic interest in the Rosia Montana Project which, at year end 2009, 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, 2010

Consolidated Balance Sheets

As at March 31, 2010 and December 31, 2009
(Unaudited and expressed in thousands of Canadian dollars)

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 89,982	\$116,110
Short-term investments (note 3)	46,890	46,201
Accounts receivable	668	1,460
Prepaid expenses and supplies	1,169	788
	138,709	164,559
Restricted cash (note 3)	133	126
Capital assets (note 4)	53,329	52,464
Mineral properties (note 5)	450,018	441,545
	\$ 642,189	\$658,694
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 8,884	\$ 10,402
Resettlement liabilities (note 6)	5,221	5,442
	14,105	15,844
Other Liabilities (note 7)	2,873	3,908
	16,978	19,752
Shareholders' Equity		
Capital stock (note 9)	734,739	733,481
Common share purchase warrants (note 10)	11,393	11,393
Contributed surplus (note 12)	18,500	18,050
Deficit	(139,421)	(123,982)
	625,211	638,942
	\$ 642,189	\$658,694

Nature of operations and going concern (note 1)

Minority interest (note 8(a))

Commitments and contingencies (note 17)

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

Consolidated Statements of Shareholders' Equity

For the three-month periods ended March 31, 2010 and 2009
(Unaudited and expressed in thousands of Canadian dollars)

	2010	2009
Common shares		
At January 1	\$ 733,481	\$ 560,052
Shares issued on the exercise of stock options (note 9)	857	3
Transfer from contributed surplus - exercise of stock options (note 12)	401	1
At March 31	734,739	560,056
Common share purchase warrants		
At March 31	11,393	-
Contributed surplus		
At January 1	18,050	15,051
Stock-based compensation (note 12)	851	1,652
Exercise of stock options (note 12)	(401)	(1)
At March 31	18,500	16,702
Deficit		
At January 1	(123,982)	(97,084)
Net loss	(15,439)	(6,969)
At March 31	(139,421)	(104,053)
Accumulated other comprehensive loss	-	-
Total shareholders' equity at March 31	\$ 625,211	\$ 472,705

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

Consolidated Statements of Loss and Deficit

For the three-month periods ended March 31, 2010 and 2009

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

	2010	2009
Expenses		
Corporate, general and administrative	\$ 1,724	\$ 4,163
Stock based compensation (<i>note 7 & 11</i>)	521	2,342
Project financing costs	112	150
Amortization	58	63
	2,415	6,718
Other expense (income)		
Interest	(121)	(64)
Foreign exchange loss	13,143	315
Loss before income taxes	15,437	6,969
Income tax expense (<i>note 13</i>)	2	-
Loss for the period	\$ 15,439	\$ 6,969
Loss per share (basic and diluted)	\$ 0.05	\$ 0.03
Weighted average number of shares	339,294	255,450

Consolidated Statements of Comprehensive Loss

For the three-month periods ended March 31, 2010 and 2009

(Unaudited and expressed in thousands of Canadian dollars)

	2010	2009
Loss for the period	\$ 15,439	\$ 6,969
Other comprehensive loss	-	-
Comprehensive loss	\$ 15,439	\$ 6,969

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

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2010 and 2009
(Unaudited and expressed in thousands of Canadian dollars)

	2010	2009
Cash flows from (used in) operating activities		
Loss for the period	\$ (15,439)	\$ (6,969)
Items not affecting cash		
Amortization	58	63
Stock-based compensation	521	2,342
Unrealized foreign exchange loss	12,733	206
	(2,127)	(4,358)
Net changes in non-cash working capital (note 18)	(1,550)	2,443
	(3,677)	(1,915)
Cash flows provided by (used in) investing activities		
Decrease (increase) in short-term investments and restricted cash	(696)	15
Development and exploration expenditures	(8,285)	(7,311)
Purchase of capital assets	(1,034)	(8,956)
Net changes in non-cash working capital (note 18)	(4,900)	(3,847)
	(14,915)	(20,099)
Cash flows from (used in) financing activities		
Proceeds from the exercise of stock options	857	3
	857	3
Increase (decrease) in cash and cash equivalents	(17,735)	(22,011)
Effect of foreign exchange on cash, cash equivalents, and non-cash working capital	(8,393)	(129)
Cash and cash equivalents - beginning of period	116,110	72,233
Cash and cash equivalents - end of period	\$ 89,982	\$ 50,093

Supplemental cash flow information (note 18)

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

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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 80.46%-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, 2010 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.

Management has developed a financing plan that assumes availability of senior debt financing in combination with equity and other potential financing sources in order to meet the Company’s financing needs. The plan incorporates recent developments in both the debt and equity markets. The timeline from the restart of the permitting process until receipt of construction permits might 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 financing plan and permitting will be successful 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.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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, 2009.

In the opinion of management, the accompanying interim consolidated 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, 2009.

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.

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. The Company opted to early adopt these standards as of December 31, 2009 and applied Section 1602, "Non-Controlling Interests", in accounting for the purchase of minority interest shares (refer to Note 8). Consequently, the difference between the carrying amount of the minority interest shares and the fair value of the consideration paid was recognized directly in shareholders' equity. The early adoption of Section 1582, "Business Combinations" and Section 1601, "Consolidated Financial Statements", did not have an impact on the Company's consolidated financial statements.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

3. Short-term investments and restricted cash

Short-term investments

	March 31, 2010	December 31, 2009
Money market investments with maturities from the date of acquisition of 4 - 12 months	\$ 46,890	\$ 46,201

Short-term investments held at quarter end yielded an average interest rate of 0.62% in 2010 (2009 – 0.67%).

Restricted cash

	March 31, 2010	December 31, 2009
Restricted cash ⁽¹⁾	\$ 133	\$ 126

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

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

4. Capital Assets

	March 31, 2010	December 31, 2009
Cost		
Office equipment	\$ 3,979	\$ 4,207
Building	1,082	1,082
Vehicles	1,234	1,282
Leasehold improvements	215	215
Construction in progress ⁽¹⁾	51,175	50,249
	57,685	57,035
Less: Accumulated amortization		
Office equipment	2,939	3,122
Building	66	63
Vehicles	1,166	1,207
Leasehold improvements	185	179
	4,356	4,571
Net book value		
Office equipment	1,040	1,085
Building	1,016	1,019
Vehicles	68	75
Leasehold improvements	30	36
Construction in progress ⁽¹⁾	51,175	50,249
	\$ 53,329	\$ 52,464

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

	March 31, 2010	December 31, 2009
Resettlement site development costs	\$ 1,952	\$ 1,951
Long-lead-time equipment	49,223	48,298
	\$ 51,175	\$ 50,249

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

5. Mineral Properties

	Rosia Montana	Bucium	Baisoara	Total
Balance - December 31, 2008	\$ 396,239	\$ 10,458	\$ 387	\$ 407,084
Development costs	33,314	-	-	33,314
Exploration costs	1,016	1	130	1,147
Balance - December 31, 2009	430,569	10,459	517	441,545
Development costs ⁽¹⁾	8,292	-	-	8,292
Exploration costs ⁽¹⁾	164	-	17	181
Balance - March 31, 2010	\$ 439,025	\$ 10,459	\$ 534	\$ 450,018

⁽¹⁾ Mineral property additions of \$8.5 million (2009 - \$34.5 million) is \$0.2 million higher than the amount reported in the Consolidated Statements of Cash Flows of \$8.3 million. The difference is attributed to a net adjustment of resettlement liabilities partially offset by non-cash charges for stock based compensation and amortization (see details in note 18).

The Company's principal asset is its 80.46% 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 one other private Romanian company, hold a 19.54% interest in RMGC, and Gabriel holds the pre-emptive right to acquire the 19.54% minority interest. The Company is required to fund 100% of all expenditures related to the exploration and development of these properties and holds a preferential right to recover all funding plus interest (other than on non-interest bearing loans) from future cash flows prior to the minority shareholders receiving dividends. RMGC will be required to pay a 4 % net smelter royalty on all production from the Rosia Montana Project. In December 2009, in order to replenish the net asset position of RMGC in accordance with Romanian Fiscal Code, the shareholders of RMGC contributed \$216 million into the share capital of RMGC. The share capital increase was accomplished by converting \$174 million of debt in RMGC into equity. The remaining \$42 million was funded through a contribution provided to minority shareholders in the form of a non-interest bearing loan to fund their respective pro-rata contributions.

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 expiring in 2019, 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 has spent US\$3.4 million over the term of the license extension period. The expired 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. Upon granting of the license, the Company committed 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.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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. For those residents who choose the resettlement option, the Company increases its mineral properties on the balance sheet as well as resettlement liabilities for the anticipated construction costs of the resettlement houses. As the construction takes place, the cost of newly built houses are capitalized as construction in progress. After the transfer of legal title of the property is completed, the Company reduces the amounts capitalized as construction in progress and at the same time its resettlement liabilities. All resettlement associated costs will remain capitalized in mineral properties and amortized over the life of the mine once the Project moves into production.

At March 31, 2010, the Company had accrued resettlement liabilities totaling \$5.2 million (December 31, 2009 – \$5.4 million), which represents the cost of building the remaining new homes for the local residents and outstanding delay penalties.

The construction of all 125 homes at the Recea resettlement site in Alba Iulia has been physically completed with 124 homes handed over to their respective owners. The Company is currently working to obtain permits for the construction of Piatra Alba, the new resettlement village to be built in Rosia Montana. 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 paid or accrued 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, 2010, the Company has accrued \$0.4 million (December 31, 2009 - \$0.4 million) representing its total estimated delay penalty. During the three-months ended March 31, 2010, the Company paid \$58 thousand of delay penalties (2009 – \$0.1 million).

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

7. Other liabilities

Deferred Share Units ("DSU") (a)	DSU's (000's)	Price per Common Share (dollars)	Value
Outstanding - December 31, 2008	1,155	\$ 1.52	\$ 1,755
Issued	68	2.43	165
Settled	(623)	3.39	(2,114)
Change in fair value	-	-	2,811
Outstanding - December 31, 2009	600	4.36	2,617
Issued	6	4.34	26
Settled	(210)	4.39	(923)
Change in fair value	-	-	(59)
Balance - March 31, 2010	396	\$ 4.20	\$ 1,661
Fidelity bonus and other benefits (b)			
Balance accrued - December 31, 2008			\$ 1,310
Additions			\$ 228
Foreign exchange movement			(247)
Balance accrued - December 31, 2009			1,291
Foreign exchange movement			(79)
Balance accrued - March 31, 2010			\$ 1,212
Total Other Liabilities			\$ 2,873

(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 or departure from the Company, 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,	
	2010	2009
Expensed (recovered)	\$ (33)	\$ 953
Capitalized	\$ -	\$ 95

Initially valued at the five-day weighted average market price of the stock at date of issue, DSUs are revalued each period end based on the closing share price at the period end, with the difference between the fair value of the DSUs at period end compared to the fair 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

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

higher, the difference is charged to the Statement of Loss and Deficit and capitalized to Mineral Properties, increasing costs for the period.

(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, 2010, \$1.2 million (December 31, 2009 - \$1.3 million) have been accrued for these benefits.

8. Related Party Transactions

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

- (a) During 2009, the Company received a formal offer to purchase the shares held in RMGC by two of its minority shareholders (the "Minority Shareholders"), each of whom owned 23,967 common shares in RMGC representing each 0.23% of its share capital. The Company responded to the offer of the minority shareholders and has purchased 47,934 common shares of RMGC held by the Minority Shareholders for 222,708 shares of Gabriel and for US\$0.8 million in cash. As a result of these transactions, the Company's ownership interest in RMGC increased from 80% to 80.46%.
- (b) In December 2004, the Company loaned a total of US\$971 thousand to the four minority shareholders of RMGC, who held an aggregate of 20% of the shares of RMGC, to facilitate a statutory requirement to increase RMGC's total share capital. During 2009 the Company purchased shares held in RMGC by two of its minority shareholders. Upon completion of this transaction, the outstanding indebtedness of the two minority shareholders of \$23 thousand was deemed to be paid in full.
- (c) In 2009, the Company loaned a further US\$40 million to the remaining two minority shareholders of RMGC to facilitate another statutory share capital increase in RMGC.

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.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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, 2008	255,449	\$ 560,052
Shares issued from public and private offerings	81,806	172,671
Less: Share issue costs	-	(4,293)
Shares issued on the exercise of stock options (note 11)	1,654	3,049
Transfer from contributed surplus - exercise of stock options (note 12)	-	1,399
Shares issued on DSU settlement	68	123
Shares issued on purchase of minority interest shares	223	480
Balance - December 31, 2009	339,200	\$ 733,481
Shares issued on the exercise of stock options (note 11)	567	857
Transfer from contributed surplus - exercise of stock options (note 12)	-	401
Balance - March 31, 2010	339,767	\$ 734,739

In June 2009 the Company closed a private placement and a public offering financing through the issuance of 51.8 million common shares, including common shares issued under an over-allotment option, for aggregate gross proceeds of approximately \$116.6 million. The share issuance costs related to the public offering and private placement were \$4 million.

As a result of the public offering, the Company sold 29.8 million common shares, which includes the exercise in full of the over-allotment option, at \$2.25 per common share to a syndicate of underwriters led by Cormark Securities Inc. and RBC Capital Markets as joint bookrunners, and including Canaccord Capital Corporation, for aggregate gross proceeds of \$67.1 million.

Pursuant to the private placement, each of Electrum Strategic Holdings LLC and Paulson & Co. Inc., two of Gabriel's significant shareholders, purchased 10.6 million and 11.4 million common shares respectively at a price of \$2.25 per common share, for aggregate gross proceeds of \$49.5 million.

In December 2009, the Company closed a private placement with BSG Capital Markets PCC Limited, which is part of the Beny Steinmetz Group ("BSG"). Pursuant to the private placement, BSG subscribed for 30 million Units at a subscription price of \$2.25 per Unit for gross proceeds to the Company of \$67.5 million. The share issuance costs related to the private placement were \$0.3 million. Each Unit consists of one common share of the Company and one common share purchase warrant entitling BSG to purchase one additional common share of the Company. The net proceeds of the private placement were allocated between the share capital and share purchase warrants on the basis of their relative fair values. The amount allocated to share capital was \$55.8 million while \$11.4 million was allocated to share purchase warrants.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

10. Share Purchase Warrants

As at March 31, 2010, the following share purchase warrants were issued and outstanding:

<i>Warrants issued to two financial institutions</i>	Number of warrants (000's)	Exercise price (dollars)	Assigned Value	Expiry date
Balance - December 31, 2008 ⁽¹⁾ and 2009	1,125	\$ 4.88	US\$1,500	November 28, 2010
Warrants settled ⁽¹⁾	(750)		(US\$1,000)	November 28, 2010
Balance - March 31, 2010	375		US\$500	November 28, 2010

⁽¹⁾ The assigned 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. In March 2010, one of warrant holders exercised its option to receive a termination fee of US\$1 million in respect of the warrants. The amount was fully paid in the first quarter of 2010.

<i>Warrants issued to BSG Capital Markets PCC Limited</i>	Number of warrants (000's)	Exercise price (dollars)	Assigned Value	Expiry date
Balance - December 31, 2008 ⁽¹⁾	-	\$ -	\$ -	July 18, 2011 to December 18, 2011
Warrants issued ⁽²⁾	30,000	\$2.50-3.00	\$ 11,393	July 18, 2011 to December 18, 2011
Balance - December 31, 2009 and March 31, 2010	30,000		\$ 11,393	July 18, 2011 to December 18, 2011

⁽²⁾ The assigned value of warrants represents relative fair value allocated between the share capital and warrants based on the net proceeds from private placement with BSG Capital Markets.

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. In March 2010, one of the two financial institutions exercised their option to receive a termination fee of US\$1 million in respect of 750 thousand warrants which was fully paid during the first quarter of 2010.

During 2009, the Company closed a private placement with BSG Capital Markets PCC Limited. Pursuant to the private placement, BSG subscribed for 30 million Units at a subscription price of \$2.25 per Unit. Each Unit consists of one common share of Gabriel and one common share purchase warrant entitling BSG to purchase one additional common share of Gabriel at \$2.50 per share for 18 months rising to \$3.00 per share for the final six months of the two year warrant. The net proceeds of the private placement were allocated between the share capital and share purchase warrants on the basis of their relative fair values. The amount allocated to share capital was \$55.8 million while \$11.4 million was allocated to share purchase warrants.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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, 2010, 10.3 million options are available for issuance under the Plan (December 31, 2009 – 6.6 million).

As at March 31, 2010, 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	14,306	\$ 1.71	2.6	10,142	\$ 1.62
2.01 - 3.00	5,556	2.52	2.5	3,691	2.52
3.01 - 4.97	3,805	4.24	3.1	2,142	4.45
	23,667	\$ 2.31	2.7	15,975	\$ 2.21

During the year ended December 31, 2009 and the three-month period ended March 31, 2010, director, officer, employee and consultants stock options were granted, exercised, forfeited and cancelled as follows:

	Number of options (thousands)	Weighted average exercise price (dollars)
Balance - December 31, 2008	22,514	\$ 2.16
Options granted	3,870	3.05
Options forfeited / cancelled	(496)	3.54
Options exercised	(1,654)	1.84
Balance - December 31, 2009	24,234	2.29
Options granted	-	-
Options forfeited / cancelled	-	-
Options exercised	(567)	1.51
Balance - March 31, 2010	23,667	\$ 2.31

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

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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 the year ended December 31, 2009, the Company granted 3.9 million options. Of the 3.9 million options issued, 2.1 million vest over a three-year period and the remainder vest based on achievement 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, 2010, the amount recognized was \$0.4 million.

The valuation of the stock options granted in the three-month periods ended March 31, 2010 and 2009 was calculated with the following assumptions:

	2010	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, 2010, the remaining fair value of outstanding measurable unvested options to be expensed is \$2.4 million, to be capitalized is \$2.5 million. For the three-month periods ended March 31, 2010 and 2009, the fair value of stock options expensed and capitalized is as follows:

	2010	2009
Expensed	\$ 554	\$ 1,389
Capitalized	\$ 297	\$ 263

12. Contributed Surplus

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

	Total
Balance - December 31, 2008	\$ 15,051
Stock-based compensation	5,403
Exercise of stock options	(1,399)
Purchase of minority interest shares	(1,005)
Balance - December 31, 2009	18,050
Stock-based compensation	851
Exercise of stock options	(401)
Balance - March 31, 2010	\$ 18,500

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

13. Income Taxes

In April 2010, the Supreme Court in Romania admitted an RMGC appeal and cancelled irrevocably a fiscal assessment concerning the period 2003 and 2004 which totaled \$9.8 million. The original assessment arose from the disallowance of the application of state tax incentives related to unrealized foreign exchange gains on inter-company debt.

The Company will seek to obtain a reimbursement for the taxes paid in previous years once the written Supreme Court decision is received. The timeframe and process for seeking recovery of the full amount is uncertain at this time. As of March 31, 2010 no recovery amount was recorded in the financial statements.

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, 2010	December 31, 2009
Romania	\$ 503,026	\$ 493,697
Canada	321	312
Total	\$ 503,347	\$ 494,009

15. Financial Instruments

The recorded amounts for cash, cash equivalents, short-term investments, 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, cash equivalents, and short-term investments that are held in investment accounts with Canadian banks and invested in sovereign debt. The Company has 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, France, and Netherlands with the balance of cash being invested in short-term Term Deposits issued by Canadian banks.

The Company strives to maintain at least 85-90% of its cash, cash equivalents, and short-term investments in sovereign debt.

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.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

Liquidity risk

The Company has sufficient funds as at March 31, 2010 to settle current and long-term liabilities.

Market risk

(a) Interest rate risk

The Company has significant cash balances and no 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 12 months, for its cash, cash equivalent, and short-term investment balances, it minimizes the risk of 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, cash equivalents, and short-term investments 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 Company maintains cash, cash equivalents, and short-term investments in the currency of planned expenditures and is therefore 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 if significant market volatility continues.

Financial Instruments

As at March 31, 2010 and December 31, 2009, the Company’s financial instruments consisted of cash and cash equivalents, short-term investments, other current assets, accounts payable and accrued liabilities, and other long-term liabilities. With respect to all of these financial instruments, the Company estimates that their fair values approximate their carrying values at March 31, 2010 and December 31, 2009 respectively.

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at March 31, 2010 and December 31, 2009:

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

Financial assets and liabilities as at March 31, 2010*					
	Level 1	Level 2	Level 3	Total	
Cash	\$ -	\$ 9,807	\$ -	\$ 9,807	
Cash Equivalents	-	80,175	-	80,175	
Short-term investments (note 3)	-	46,890	-	46,890	
Deferred Share Units (note 7)	(1,661)	-	-	(1,661)	
	\$ (1,661)	\$ 136,872	\$ -	\$ 135,211	

Financial assets and liabilities as at December 31, 2009*					
	Level 1	Level 2	Level 3	Total	
Cash	\$ -	\$ 9,807	\$ -	\$ 9,807	
Cash Equivalents	-	80,175	-	80,175	
Short-term investments (note 3)	-	46,890	-	46,890	
Deferred Share Units (note 7)	(2,617)	-	-	(2,617)	
	\$ (2,617)	\$ 136,872	\$ -	\$ 134,255	

* at fair value

Sensitivity analysis

The Company has designated its cash, cash equivalents, and short-term investments as held-for-trading, which are measured at fair value. As of March 31, 2010, 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 three month period.

- Cash and cash equivalents include deposits which are at floating interest rates. A plus or minus 1% change in earned interest rates would affect net income from deposits by \$0.2 million.
- For short-term investments 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. As of March 31, 2010 a plus or minus 1% change in foreign exchange rates would affect net income by \$1.2 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.

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.

17. Commitments and Contingencies

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

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

	Total	2010	2011	2012	2013	2014 and thereafter
Baisoara exploration license (note 5)	\$ 2,718	\$ 179	\$ 2,539	\$ -	\$ -	\$ -
Resettlement (note 6)	4,413	-	4,413	-	-	-
Goods and services (a)	12,940	10,904	623	1,102	7	304
Long lead time equipment (b)	3,600	3,488	112	-	-	-
Rosia Montana exploitation license (c)	1,602	200	200	200	200	802
Surface concession rights (d)	827	20	20	20	20	747
Lease agreements (e)	653	81	404	168	-	-
Total commitments	\$26,752	\$14,872	\$ 8,310	\$1,490	\$ 227	\$ 1,853

(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 \$12.9 million at March 31, 2010 (December 31, 2009 – \$14.7 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 several years beginning 2007. The following is a summary of the long-lead-time equipment orders and the payment status:

	March 31, 2010	December 31, 2009
Total purchase agreements:		
Grinding area systems	\$ 41,731	\$ 41,731
Crusher facilities	3,961	3,961
Foreign exchange movement	585	3,023
	46,277	48,715
Amount paid to date:		
Grinding area systems	(38,340)	(37,011)
Crusher facilities	(3,881)	(3,881)
Foreign exchange movement	(456)	(2,676)
Outstanding payment obligation	\$ 3,600	\$ 5,147

(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 to property located on and around the proposed Cirnic pit for an annual payment of \$20 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.

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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.

In March, 2009 the Company entered into a professional service agreement with an international communications firm providing services in media planning and related activities. The term of the agreement is 3 years from the commencement date of March 1, 2009 until February 29, 2012. The agreed fee consists of annual fee of 450,000 EUR and success fee of 800,000 EUR payable at the end of the 3 -year agreement and upon fulfillment of certain criteria. The Company paid or accrued 112,500 EUR for the 2010 annual fee as at March 31, 2010.

Notes to Consolidated Financial Statements

For the three-month periods ended March 31, 2010 and 2009

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

18. Supplemental Cash Flow Information

	March 31,	March 31,
	2010	2009
(a) Net changes in non-cash working capital		
Operating activities:		
Accounts receivable, prepaid expenses and supplies	\$ (282)	\$ (146)
Accounts payable and accrued liabilities	(1,309)	2,666
Unrealized gain (loss) on working capital	41	(77)
	\$ (1,550)	\$ 2,443
Investing activities:		
Accounts receivable, prepaid expenses and supplies	\$ 693	\$ 2,923
Accounts payable and accrued liabilities	(1,212)	(6,770)
Unrealized gain (loss) on short-term investments	(4,381)	-
	\$ (4,900)	\$ (3,847)
(b) Exploration and development expenditures		
Balance sheet change in mineral properties	\$ (8,473)	\$ (8,653)
Increase (decrease) in resettlement liabilities	(221)	853
Non-cash depreciation and disposal capitalized	112	131
Stock based compensation capitalized	297	358
Exploration and development expenditures per cash flow statement	\$ (8,285)	\$ (7,311)
(c) Cash and cash equivalents is comprised of:		
Cash	\$ 9,807	\$ 11,128
Short-term investments (less than 90 days) - weighted average interest of 0.24% (2009 - 0.44%)	80,175	38,965
	\$ 89,982	\$ 50,093

19. Reclassification of Comparative Figures

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