



PRESS RELEASE

FOR IMMEDIATE RELEASE

TSXV Trading Symbol: GBU

March 14, 2019

2018 Annual Results

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces the publication of its Annual Results and Management’s Discussion and Analysis report for the year ended December 31, 2018.

Summary

- Gabriel remains focused on the progression of its arbitration case against Romania to be determined under the rules of the International Centre for Settlement of Investment Disputes (“ICSID”), part of the World Bank (“ICSID Arbitration”).
 - On May 25, 2018, Romania supplemented its counter-memorial (“Counter-Memorial”) filed on February 22, 2018 by filing a further preliminary objection to the jurisdiction of the Tribunal (“Jurisdictional Challenge”) with ICSID.
 - On November 2, 2018, Gabriel filed with ICSID a comprehensive rebuttal of the legal and factual contentions raised in the Counter-Memorial and its response to the Jurisdictional Challenge (“Reply”).
 - On February 28, 2019, Gabriel filed its comments with ICSID on the ‘amicus curiae’ submission made by certain non-governmental organizations who have opposed the Roşia Montană gold and silver project (the “Roşia Montană Project”) for many years.
- On July 10, 2018, the Company announced the resignation of its President and Chief Executive Officer and the retention of his services as a consultant in connection with the ICSID Arbitration. On August 8, 2018, Dragos Tanase was announced as President and Chief Executive Officer of Gabriel.
- The net loss for the fourth quarter of 2018 was \$12.7 million (Q3 2018 \$17.2 million), and for the year ended December 31, 2018 was \$50.6 million, or \$0.13 per share.
- On December 13, 2018, the Company announced a non-brokered private placement (the “December 2018 Private Placement”) to raise gross proceeds of US\$20 million (approximately \$26.3 million), of which US\$15.2 million was received in December 2018 with US\$4.8 million received on closing in January 2019.
- As at December 31, 2018, the Company held \$18.1 million of cash and cash equivalents.
- The Company has identified a requirement for additional funding in the medium-term to maintain its primary assets and finance the material estimated costs associated with advancing the ICSID Arbitration.
- As previously reported, in 2017 Gabriel’s Romanian subsidiary, Roşia Montană Gold Corporation S.A. (“RMGC”) was served with a decision by the Romanian National Agency for Fiscal Administration (“ANAF”) assessing a liability for value added tax in the amount of RON 27m (the “VAT Assessment”) and a further demand from ANAF in respect of interest and penalties of RON 18.6 million (together approximately \$14.6 million). On February 6, 2019, the Alba Iulia Court of Appeal ruled in favour of RMGC’s annulment challenge to the VAT Assessment. ANAF has appealed this decision.

Dragos Tanase, Gabriel's President and Chief Executive Officer, stated:

"Gabriel remains very confident in the merits of its ICSID Arbitration claim and is highly appreciative of the continued support shown by securityholders providing further funding, which will underpin progression of that claim. We are also encouraged by the recent decision of the Alba Court of Appeal confirming the annulment of the abusive VAT Assessment against RMGC. The Company can now focus its full resources on the continued pursuit of the ICSID Arbitration."

Further information and commentary on the results in the fourth quarter of 2018 and the full financial year is given below. The Company has filed its Annual Audited Consolidated Financial Statements and related Management's Discussion & Analysis on SEDAR at www.sedar.com and each is available for review on the Company's website at www.gabrielresources.com.

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Further Information

Status of the ICSID Arbitration

- The ICSID Arbitration seeks compensation for all of the losses and damages suffered by the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together "Claimants"), resulting from the Romanian State's wrongful conduct and its breaches of the protections afforded by certain treaties for the promotion and protection of foreign investment to which Romania is a party against expropriation, unfair and inequitable treatment and discrimination in respect the Roşia Montană Project and the prospective gold, silver and porphyry copper deposits in the neighbouring Bucium concession area ("Projects") and related licenses.
- On November 2, 2018, the Claimants submitted their Reply which sets out a comprehensive rebuttal of the legal and factual contentions raised in the Counter-Memorial and includes Gabriel's response to the Jurisdictional Challenge.
- The latest procedural calendar prescribes the following key dates in the ICSID Arbitration schedule:
 - Romania to file its response to the Reply ("Rejoinder") and its reply on the Jurisdictional Challenge by May 10, 2019.
 - Gabriel to file its surrejoinder with regard to the Jurisdictional Challenge by June 14, 2019.
 - The Tribunal will hold a hearing on the merits of the claim from December 2 to 13, 2019.
- A redacted version of the Reply was published on the ICSID website on February 8, 2019 following completion of a process prescribed by the procedural orders of the Tribunal.
- The latest stage of the ICSID Arbitration proceedings has involved a process whereby certain non-disputing parties (referred to as amici curiae) who have opposed the Project for many years have sought leave from the Tribunal to make written or oral observations in the proceedings. The Claimants provided comments on the non-disputing parties' petition on November 23, 2018.
- On December 7, 2018, the Tribunal granted the non-disputing parties' request to file an amicus curiae submission but restricted the submission to commenting on certain factual issues while excluding the legal arguments and testimonies and denying the non-disputing parties' request to participate in the hearings of the ICSID Arbitration. On February 28, 2019, the Claimants filed their comments on the amicus submission with ICSID.

Management Changes

- On July 10, 2018, the Company announced that the former President and Chief Executive Officer, Jonathan Henry, resigned from his position. Mr. Henry continues to act as a consultant in connection with the ICSID Arbitration claim against Romania. On August 8, 2018, the Company appointed Dragos Tanase as President and Chief Executive Officer. Mr. Tanase has been the managing director of RMGC for 10 years, a position in which he continues to serve.

VAT Assessment

- As previously reported, the VAT Assessment levied against RMGC (together with a further demand in respect of related interest and penalties) by ANAF relates to VAT refunds previously claimed and received by RMGC from the Romanian tax authorities in respect of RMGC's purchase of goods and services from July 2011 to January 2016.
- On April 5, 2018, RMGC initiated an action before the Alba Iulia Court of Appeal (Division for Administrative and Tax Claims) seeking the annulment of the VAT Assessment. On February 6, 2019, the Alba Court of Appeal ruled in favour of RMGC's annulment challenge of the VAT Assessment. On February 28, 2019, RMGC received a copy of the Alba Court of Appeal's written decision. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date has yet been set.
- RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal on August 10, 2017. On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC's request for a stay of enforcement of the VAT Assessment, pending the determination of RMGC's annulment challenge of the VAT Assessment. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice. On February 28, 2019, the High Court of Cassation and Justice dismissed ANAF's appeal and the stay of enforcement remains in effect.
- The Company intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets.

Liquidity and Capital Resources

- On January 15, 2019, the Company completed closing of the non-brokered December 2018 Private Placement with certain existing securityholders for gross proceeds of US\$15.2 million received in December 2018 with the balance of US\$4.8 million received in January 2019 (in aggregate approximately \$26.3 million).
- The Company's average monthly cash usage during Q4 2018 was \$4.8 million (Q3 2018: \$4.3 million). At the end of Q4 2018, accruals for costs in respect of the ICSID Arbitration amounted to \$1.8 million (Q3 2018: \$6.2 million). The build-up in accruals in Q3 2018 was due principally to the significant legal and other advisory services required by the Company for the preparation and submission of the Reply, which were substantially invoiced and paid by the end of Q4 2018.
- As at December 31, 2018, the Company held \$18.1 million of cash and cash equivalents.
- The Company believes that it has sufficient sources of funding to cover its planned activities through to November 2019 and will require additional funding in the medium-term to maintain its primary assets, including to fund the costs associated with the Company advancing the ICSID Arbitration. Management continues to review the Company's activities in order to identify areas to rationalize expenditures.

Financial Performance

- Operating loss in 2018 was \$44.4 million, \$15.0 million higher than in 2017 (\$29.4 million) principally due to three main factors. First, 2018 ICSID Arbitration related costs of \$22.0 million were \$9.8 million higher than 2017 as a consequence of higher activity levels following receipt of Romania's Counter-Memorial and in preparation of the November 2, 2018 filing of the Reply. Second, in 2018 an impairment charge of \$3.9 million relating to the long lead time equipment was recognized. Third, the 2018 payroll expense of \$10.7 million was \$2.1 million higher than in 2017 due principally to settlement expenses paid to the former President and CEO of the Company in July 2018.
- Finance costs in 2018 include \$8.0 million (2017: \$7.1 million) of accreted interest costs in respect of the debt components of private placements completed in May 2014 and July 2016.

About Gabriel

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

Upon obtaining the License in June 1999, the Group (as defined below) focused substantially all of their management and financial resources on the exploration, feasibility and subsequent development of the Roşia Montană Project. Despite the Company's fulfilment of its legal obligations and its development of the Roşia Montană Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Roşia Montană Project without due process and without compensation. Accordingly, the Company's current core focus is the ICSID Arbitration. For more information please visit the Company's website at www.gabrielresources.com.

Forward-looking Statements

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

In this press release, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: the ICSID Arbitration, actions by the Romanian Government, conditions or events impacting the Company's ability to fund its operations (including but not limited to the completion of further funding noted above) or service its debt, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

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

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

- delay or extension to the duration of the ICSID Arbitration;
- required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- changes in the liquidity and capital resources of Gabriel, and the group of companies of which it is directly or indirectly parent ("Group");
- access to funding to support the Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of new or existing securities in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the TSX Venture Exchange or any regulated public market for trading securities;
- the impact on business strategy and its implementation in Romania of: unforeseen historic acts of corruption, uncertain fiscal investigations; uncertain legal enforcement both for and against the Group and political and social instability;
- regulatory, political and economic risks associated with operating in a foreign jurisdiction including changes in laws, governments and legal regimes and interpretation of existing and future fiscal and other legislation;
- volatility of currency exchange rates, metal prices and metal production;
- the availability and continued participation in operational or other matters pertaining to the Group of certain key employees and consultants; and
- risks normally incident to the exploration, development and operation of mining properties.

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

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

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