



GABRIEL  
*Rozia Montana*  
IN PARTNERSHIP

**ANNUAL INFORMATION FORM**

**of**

**GABRIEL RESOURCES LTD.**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**DATED AS OF MARCH 29, 2017**

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## PRELIMINARY NOTES

In this Annual Information Form, the terms “**Gabriel**”, the “**Company**” and the “**Gabriel Group**” refer to Gabriel Resources Ltd. and its consolidated subsidiaries and affiliates, and “**Management**” refers to the executive officers of Gabriel, unless the context requires otherwise. Other capitalised terms used in this Annual Information Form are defined within the body of this document.

### **Cautionary Note regarding the Core Focus of the Gabriel Group**

Whilst the Gabriel Group’s primary objective has always been the development of the Project to operational status, the ICSID Arbitration has become the core focus of the Company in light of the continued absence of any engagement by the Romanian State since the submission of the Arbitration Request, as described further below.

**In the context of the above, the information set out elsewhere in this Annual Information Form relating to the Roşia Montană Project, the License, the Gabriel Group’s exploration and development activities in Romania, the Project approval and permitting process and reported gold and silver resources and reserves is for background purposes only and should not be interpreted as being indicative of the Company’s expectations as at the date of this document regarding the future development of the Roşia Montană Project.**

### **Cautionary Note regarding Forward-Looking Statements**

This Annual Information Form 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.

In this Annual Information Form, 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 uncertainties associated with material factors or assumptions used to develop forward-looking statements include, without limitation: the progress of the ICSID Arbitration, actions by the Romanian Government or affiliates thereof, the impact of current or future litigation against the Gabriel Group, conditions or events impacting the Company’s ability to fund its operations or service its debt, the ability to progress 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 above and below, that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company’s results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “*expects*”, “*is expected*”, “*anticipates*”, “*believes*”, “*plans*”, “*projects*”, “*estimates*”, “*assumes*”, “*intends*”, “*strategy*”, “*goals*”, “*objectives*”, “*potential*”, “*possible*” or variations thereof or stating that certain actions, events, conditions or results “*may*”, “*could*”, “*would*”, “*should*”, “*might*” or “*will*” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

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

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

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Reference should also be made to the section entitled "Risk Factors" in Part VI for additional risk factors that could cause results to differ materially from forward-looking statements.

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

### **Cautionary Note to Investors regarding Estimates of Measured, Indicated and Inferred Mineral Resources**

This Annual Information Form uses the terms "Measured", "Indicated" and "Inferred" Mineral Resources. Investors are advised that while such terms are recognised and required by Canadian securities regulations, the United States Securities and Exchange Commission does not recognise them. "Inferred Mineral Resources" have a greater amount of uncertainty as to their existence, and as to their economic and legal feasibility, than "Measured" or "Indicated" Resources. It cannot be assumed that all or any part of an

Inferred Mineral Resource will ever be upgraded to a higher category. Under applicable Canadian securities laws, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **Investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources that are not already classified as Mineral Reserves will ever be converted into Mineral Reserves. Investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

### Currency and Exchange Rates

All dollar amounts in this Annual Information Form are expressed in Canadian dollars unless otherwise indicated. The Company's functional currency is the Canadian dollar and its financial statements are prepared in Canadian dollars.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in US dollars, Euros and Romanian new leu in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into US dollars ("US dollar" or "US\$"), Euros ("EURO" or "€") and Romanian new leu, the official currency of Romania, ("RON").

<u>One Canadian dollar in US\$</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Rate at end of period..	0.7448	0.7225	0.8620
Average rate for period	0.7548	0.7820	0.9054
High for period .....	0.7972	0.8527	0.9422
Low for period.....	0.6854	0.7148	0.8589

The noon rate of exchange on March 27, 2017, as reported by the Bank of Canada for the conversion of Canadian dollars into US dollars, was Canadian \$1.00 equals US\$0.7481.

<u>One Canadian dollar in EUROS</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Rate at end of period..	0.7058	0.6654	0.7124
Average rate for period	0.6821	0.7051	0.6816
High for period .....	0.7207	0.7627	0.7180
Low for period.....	0.6278	0.6537	0.6431

The noon rate of exchange on March 27, 2017, as reported by the Bank of Canada for the conversion of Canadian dollars into Euro, was Canadian \$1.00 equals €0.6875.

<u>One Canadian dollar in RON</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Rate at end of period..	3.2206	3.0066	3.1939
Average rate for period	3.0627	3.1340	3.0293
High for period .....	3.2573	3.3750	3.1939
Low for period.....	2.8289	2.9070	2.8885

The noon rate of exchange on March 27, 2017, as reported by the Bank of Canada for the conversion of Canadian dollars into RON, was Canadian \$1.00 equals RON 3.1289.

### **Metric Equivalents**

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

<b>To convert from Imperial</b>	<b>To metric</b>	<b>Multiply by</b>
Acres	Hectares	0.404687
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)	Grams	31.1035

### **Date of Information**

All information in this Annual Information Form is as of March 28, 2017 unless otherwise indicated.

## PART I CORPORATE STRUCTURE

### Name, Address and Incorporation

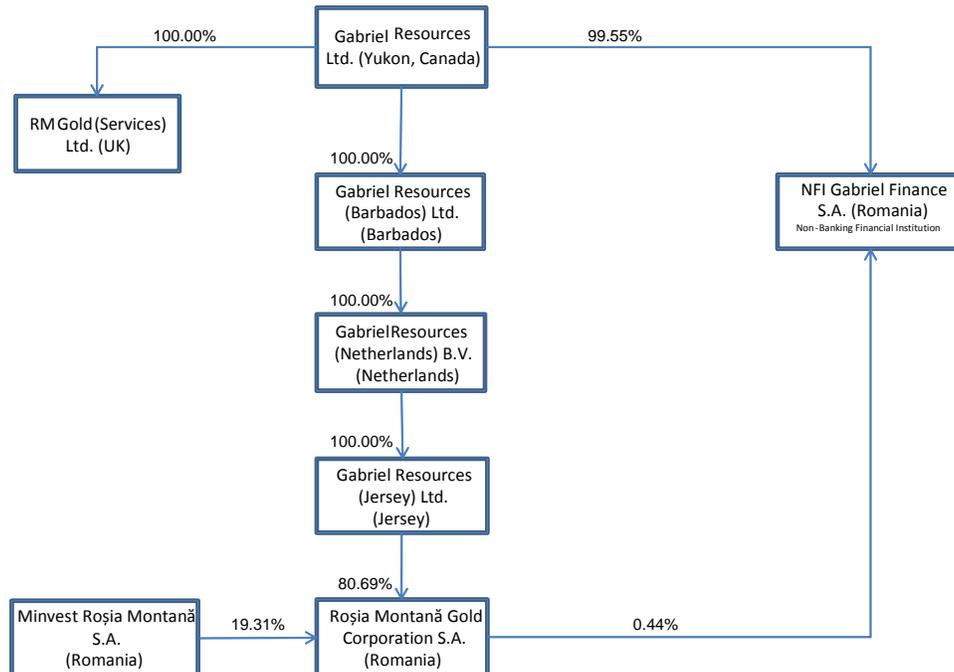
Gabriel Resources Ltd. was incorporated on July 18, 1986 under the Company Act of British Columbia under the name “PIC Prospectors International Corporation”. In 1994 the Company changed its name to “Starx Resource Corp.”. In April 1997 the Company was continued under the Yukon Business Corporations Act changing its name to “Gabriel Resources Ltd.”.

The Company's registered office is located at Suite 200, Financial Plaza, 204 Lambert Street, Whitehorse, Yukon, Y1A 1Z4, Canada. The Gabriel Group maintains administrative offices in London (UK), Bucharest (Romania) and Roşia Montană (Romania).

The Gabriel Group currently employs approximately 35 individuals directly. The Company's common shares (“**Common Shares**”) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**GBU**”.

### Inter-Corporate Relationships

The following chart lists the principal subsidiaries of the Company and their jurisdiction of incorporation. Except where noted, all subsidiaries are wholly-owned, directly or indirectly, by the Company:



Notes:

- (1) Figures in the above diagram may not sum due to rounding.
- (2) In February 2016, Gabriel Resources (Netherlands) B.V. approved the dissolution of its wholly-owned Romanian subsidiary, Rom Aur SRL. On February 17, 2016, Rom Aur SRL transferred its minority 0.22% shareholding in NFI Gabriel Finance S.A. to Roşia Montana Gold Corporation S.A.. Rom Aur SRL was dissolved on May 20, 2016.

## PART II GENERAL DESCRIPTION OF THE BUSINESS AND ITS DEVELOPMENT

### Overview

Gabriel is a Canadian company listed on the **TSX** which for the past eighteen years has been principally focused on the exploration and development of the Roşia Montană gold and silver project in Romania (the “**Roşia Montană Project**” or the “**Project**”). The Project, one of the largest undeveloped gold deposits in Europe, is situated in an area known as the Golden Quadrilateral 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 concession License for the Project (“**License**”) is held by Roşia Montană Gold Corporation S.A. (“**RMGC**”), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roşia Montană S.A. (“**Minvest RM**”), a Romanian state-owned mining company.

Upon obtaining the License in 1999, RMGC, along with Gabriel and its subsidiary companies, focused substantially all of their management and financial resources on identifying and defining the size of the four ore bodies, engineering to design the size and scope of the Project, surface rights acquisitions, rescue archaeology and environmental assessment and permitting. Despite the Company’s fulfilment of its legal obligations and its development of the Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques recognised globally, Romania has blocked and prevented implementation of the Project without due process and without compensation, effectively depriving the Gabriel Group entirely of the value of its investments.

On July 21, 2015, the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd., (together “**Claimants**”) filed a request for arbitration (“**Arbitration Request**”) before the World Bank’s International Centre for Settlement of Investment Disputes (“**ICSID**”) against the Romanian State (the “**Respondent**”) pursuant to the bilateral investment protection treaties which the Government of Romania (“**Government**”) entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the “**Treaties**”) (“**ICSID Arbitration**”). The Arbitration Request was registered by ICSID on July 30, 2015, and the presiding tribunal for the ICSID Arbitration (“**Tribunal**”) was constituted on June 21, 2016. Further details regarding the ICSID Arbitration are set out in this Part II.

Whilst the Company’s primary objective has always been the development of the Project to operational status, in light of the continued absence of any engagement by the Romanian State since the Arbitration Request, the ICSID Arbitration has become the core focus of the Company.

**In the context of the above, the information set out below and elsewhere in this Annual Information Form relating to the Roşia Montană Project, the License, the Gabriel Group’s exploration and development activities in Romania, the Project approval and permitting process and reported gold and silver resources and reserves is for background purposes only and should not be interpreted as being indicative of the Company’s expectations as at the date of this document regarding the future development of the Roşia Montană Project.**

## Recent Activities

During the course of the last three completed financial years, the principal activities of the Company have included:

- the initiation and advancement of the ICSID Arbitration, including preparatory work in connection with the formulation of the Claimants' initial statement of claim;
- seeking the engagement of the Romanian Government in a process of consultation in order to find an amicable resolution regarding the development, construction and operation of the Project;
- the identification and evaluation of financing alternatives to support the continued operating activities of the Gabriel Group, including but not limited to the advancement of the ICSID Arbitration, and the closing of several non-brokered private placement transactions in 2014 and 2016 to raise, in aggregate, gross proceeds of \$95.6 million;
- the implementation of a series of cost-saving measures (including a material reduction in the workforce of the Gabriel Group) to align the cost base of the Gabriel Group with the status of the Project in Romania;
- the protection of the Gabriel Group's rights and interests in Romania (including, so far as reasonably practical and desirable, ensuring that existing licenses and permits remain in good standing);
- the continuance of programs to ensure the preservation of artefacts and maintenance of buildings located in the historical and protected centre of the village of Roşia Montană;
- intervening in, and aiding the defence of, legal challenges brought by non-governmental organizations ("NGOs") against the Romanian authorities that have granted permits and approvals for the Project and, since 2015, withdrawing from a number of pending litigation cases; and
- the ongoing care and maintenance of long-lead time equipment acquired by RMGC for the development phase of the Project and, more recently, the marketing and partial sale of such equipment.

## Overview of Mineral Projects

Since 1997, Gabriel, through RMGC, has been engaged in the exploration and development of precious metal mineral properties in Romania.

The Company's principal focus since 1997 has been the exploration and development of the Roşia Montană Project. In addition, Gabriel has conducted significant exploration work defining mineral deposits at the Rodu-Frasin (epithermal gold and silver) and Tarniţa (porphyry copper-gold) sites within the Bucium area located in the vicinity of Roşia Montană (the "**Bucium Projects**").

The Company has provided all of the funding for RMGC's activities since its incorporation in 1997 and, to December 31, 2016, has invested in excess of US\$700 million to finance the Roşia Montană Project.

### ***Roşia Montană Project***

In 1998, after Romania enacted a new mining law that established the regime of mining licenses, the National Agency for Mineral Resources (“**NAMR**”) issued the License for the Project to The National Company of Copper, Gold and Iron Minvest S.A. (“**Minvest**”) (the predecessor entity of Minvest RM) as the titleholder and to RMGC as an affiliated company. The License was subsequently approved by Government Decision No. 458/1999 as License No. 47/1999 and entered into force as of June 21, 1999. The License has an initial term of twenty years with a right of renewal for successive five-year periods, and carries the right as well as the obligation to develop the mineral resource within the license perimeter to the maximum extent feasible. In October 2000, with the approval of NAMR, Minvest transferred title to the License to RMGC. Since then, RMGC has remained the License titleholder.

Since obtaining the rights to the Roşia Montană Project, the Gabriel Group has pursued its development as a productive, high-quality, sustainable, and environmentally responsible mining project in accordance with all applicable laws, regulations, licenses, permits, as well as European Union guidelines, international mining best practices, and international sustainable development guidelines. Consistent with this objective, the Company engaged leading global mining, engineering, cultural heritage and environmental consultants and experts to assist in the development of all major aspects of the Project. Working with these consultants and experts, Gabriel implemented the following steps, among others, to develop the Project:

- undertaking extensive exploration activities within the Project area, including an extensive drilling and assaying program, which confirmed the existence of significant mineral deposits within the Project area;
- undertaking extensive and updated feasibility studies and development plans for extraction of gold and silver from the Project (including basic engineering and the initial aspects of the detailed engineering phases of development for the Project);
- developing the technical design of the Project;
- purchasing and storing mining and other equipment necessary to implement the Project, such as large-scale equipment for the processing plant;
- undertaking wide-ranging and comprehensive environmental impact assessments;
- undertaking and financing extensive corporate social responsibility programs in the Project area, including education and training programs, improvements to infrastructure, renovation of historical buildings and monuments, and other projects enhancing sustainability and social progress;
- acquiring surface rights to land within the Project’s footprint and, following public consultations and in accordance with World Bank principles, relocating and resettling members of the local community affected by the Project;
- undertaking and financing extensive programs of exploratory and preventive archaeology to identify and preserve sites and artefacts of historical importance in the Project and surrounding area; and
- pursuing applications for and acquiring permits and authorizations required to implement the Project and defending the same against a multitude of legal challenges by, amongst others, anti-mining NGOs.

For further details regarding the Roşia Montană Project, see Part IV of this Annual Information Form.

### ***Bucium Projects***

In 1999 NAMR granted an exploration license (No. 218/1999) to Minvest as the titleholder and to RMGC as an affiliated company, covering the Bucium area located in the vicinity of Roșia Montană (the “**Bucium Exploration License**”). With NAMR’s approval, Minvest subsequently transferred the title to the Bucium Exploration License to RMGC. Following exploration work that defined mineral deposits at the Rodu-Frasin and Tarnița locations within the Bucium area, in order to implement projects for the exploitation of these deposits, in May 2007 RMGC submitted a timely application to the NAMR for the conversion of the Bucium Exploration License into two exploitation concessions but, to date, the NAMR has not acted on these applications. The Bucium Exploration License expired in May 2007, but RMGC retains the right to obtain the exploitation rights within the Bucium perimeter.

### **The ICSID Arbitration**

#### ***Background to the Dispute***

In reliance on numerous representations made and actions taken by the Romanian authorities and in the reasonable expectation that the Project would be evaluated in accordance with the law and reasonable technical standards and, ultimately, on its merits, the Claimants have invested over US\$700 million to maintain and develop the Project in accordance with all applicable laws, regulations, licenses, and permits.

However, after having encouraged the Claimants’ investment in the Project, the Romanian State has frustrated and prevented the implementation of the Project in an unlawful, discriminatory and non-transparent manner, and ultimately abdicated the responsibility to make decisions on the permitting of the Project in contravention of the applicable legal framework. At the same time, Romania has required the Gabriel Group to expend significant cash resources through RMGC on mining activities and fees and taxes in relation to the License, the Bucium Exploration License and associated property rights.

As a result of Romania’s conduct, the Project has been stymied and the Claimants’ and their affiliates’ property rights effectively have been taken without compensation in contravention of the applicable legal and administrative processes and requirements. The Romanian State’s treatment of the Claimants and their investments in Romania is incompatible with Romania’s obligations as established under the Treaties and such violations have caused very substantial losses and damage to the Claimants and their affiliates. These losses and damages arise not only due to the enormous wasted costs associated with the Project, but also to the loss of value of the Claimants’ investments as a consequence of Romania’s acts and inactions which have substantially deprived the Claimants of the use, benefit and value of their property rights associated with the Project and the Bucium Project.

#### ***Request for Consultation***

On January 20, 2015, the Company issued a formal notification to the President and Prime Minister of Romania, on behalf of Gabriel and certain of its affiliates, pursuant to the provisions of the Treaties, notifying the Government of the existence of a dispute between the Company and Romania under the Treaties and requesting that the Government engage formally with Gabriel in a process of consultation in order to find an amicable resolution regarding the development, construction and operation of the Project (the “**Notice of Dispute**”).

Following delivery of the Notice of Dispute, the Treaties allowed for a six month amicable period to settle disputes prior to submitting a dispute to arbitration. This period elapsed in July 2015, at which time the Claimants had the option of submitting its dispute to international arbitration under the terms of the Treaties. The Romanian Government did not respond to the Notice of Dispute and failed to propose any resolution to the notified dispute.

### ***Status of the ICSID Arbitration***

On July 21, 2015, the Claimants filed the Arbitration Request before ICSID against the Respondent pursuant to the Treaties. On July 30, 2015 the Arbitration Request was registered by the Secretary-General of ICSID.

The three-person presiding tribunal was formally constituted on June 21, 2016 and consists of the following arbitrators: Dr. Horacio Grigera Naón, an Argentinian national appointed by the Claimants, Mr. Zachary Douglas, an Australian national appointed by the Respondent, and Ms. Teresa Cheng, a Chinese national and the President of the Tribunal.

The Tribunal held its first session with the Claimants and the Respondent by teleconference on August 12, 2016 in order to ascertain the parties' agreements and views on certain procedural questions relating to the ICSID Arbitration. On August 26, 2016 the Tribunal issued Procedural Order No.1 establishing certain timelines and procedural rules to be followed during the course of the ICSID Arbitration, including, amongst other matters, that all hearings of the Tribunal would be held in Washington, D.C.

On September 23, 2016, the Tribunal held a hearing to consider requests for certain provisional measures submitted to the Tribunal by the Claimants, as described further below.

On January 10, 2017, the Tribunal issued Procedural Order No.4 establishing a procedural calendar for the ICSID Arbitration. In accordance with Procedural Order No.4, the Claimants are required to submit their Memorial on the Merits (the "**Memorial**") on June 30, 2017, wherein factual and legal arguments supporting their claims against the Respondent will be detailed. The Memorial will also include details of the claimed quantum of the damages sustained due to Romania's treaty breaches.

The Memorial will be followed, inter alia, by the following submissions:

- The Respondent shall file its response to the Memorial ("**Counter-Memorial**") by February 15, 2018.
- The Claimants and the Respondent shall file their requests for the production of documents by March 15, 2018. Each party shall produce the requested documents or file in writing their responses or objections to the requested documents by April 5, 2018. The Tribunal shall issue a decision on the requests for the production of documents on May 10, 2018.
- The Claimants shall file their Reply to the Counter-Memorial ("**Reply**") by September 5, 2018.
- The Respondent shall file their response to the Reply ("**Rejoinder**") by February 19, 2019.

A hearing on the merits of the claim before the Tribunal is scheduled to occur at ICSID's headquarters at the World Bank in Washington D.C. from September 9 to 20, 2019. All dates should be considered indicative and subject to change in the future should the Tribunal determine amendment to be appropriate in the circumstances.

Certain procedural orders and decisions of the Tribunal, together with certain of the principal submissions filed by the parties during the course of the ICSID Arbitration, will be published on the ICSID website at <https://icsid.worldbank.org/en/Pages/cases/casedetail.aspx?CaseNo=ARB/15/31>. In addition, a summary of the procedural aspects of the ICSID Arbitration is available on ICSID's website.

Reference is made to the section entitled “*Risk Factors – Arbitration*” in Part VI.

### ***Requests for Provisional Measures***

On June 16, 2016, the Claimants filed a request for provisional measures from the Tribunal relating to the use by the Claimants, their counsel and the Tribunal, among others, of certain categories of documents and information considered classified and/or confidential under Romanian law (the “**First PM Request**”). On July 28, 2016, the Claimants filed a further request for provisional measures from the Tribunal relating to (i) various aspects of the value added tax assessment levied against RMGC by the Romanian National Agency for Fiscal Administration (“**ANAF**”), a government agency operating under the Ministry of Public Finance, a government department which is also charged with organizing and overseeing Romania’s defense of the ICSID Arbitration; and (ii) certain investigations of RMGC being undertaken by ANAF, each as further described below (the “**Second PM Request**”).

On September 23, 2016, the Tribunal held an in person hearing to consider the First PM Request and the Second PM Request (the “**PM Hearing**”).

On October 20, 2016, the Tribunal issued Procedural Order No. 2 relating to the First PM Request. On November 22, 2016, the Tribunal issued their decision on the Second PM Request.

### ***RMGC Audits and Investigations***

Since the filing of the ICSID Arbitration, RMGC has been subjected to several audits and investigations by ANAF. The Company considers that such audits and investigations are abusive in nature and have been initiated by the Romanian authorities in retaliation for the Claimants’ filing of the ICSID Arbitration.

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

Immediately prior to the PM Hearing, through a filing made on behalf of the Respondent to the Tribunal, the Claimants were made aware that the General Directorate for the Settlement of Challenges, a division of ANAF, had decided to ‘partially quash’ the Assessment and to re-run the VAT inspection for the same period but using a new inspection team. The Company understands that neither the Assessment nor the associated interest and penalties are due for payment by RMGC. On October 12, 2016, ANAF commenced a new VAT inspection, which has recently recommenced following a period of suspension while ANAF awaited a response from the Ministry of Environment on the background behind the environmental permitting process.

In parallel with the Assessment, a separate directorate of ANAF has continued to pursue an ad hoc investigation of a broad range of operational activities and transactions of RMGC and a number of its consultants and advisors over an extensive period spanning 1997 to 2016 (the “**ANAF Investigation**”).

To date, ANAF has demanded that RMGC provide voluminous amounts of information and explanations in respect of, amongst other matters, transactions with its suppliers and financing transactions of RMGC. Although RMGC is cooperating in good faith with the ANAF Investigation, Gabriel believes that there is no justification for the ANAF Investigation, that the breadth and depth of ANAF's demands are intentionally abusive, and that it has been initiated in an attempt to intimidate and harm RMGC and the Claimants in view of the dispute with the Romanian State and the Claimants' filing of the ICSID Arbitration. Accordingly, the Claimants sought to bring this matter to the attention of the Tribunal as Gabriel considers that such actions not only evidenced the discriminatory acts and bad faith conduct of the Romanian authorities with regard to the Claimants' investments in Romania, but also threatened the procedural integrity of the ICSID Arbitration.

### **Financing Arrangements**

In order to strengthen and improve the financial position of the Gabriel Group, the Company closed two non-brokered private placement transactions during the course of 2016 raising aggregate gross proceeds of \$60.625 million (the "**2016 Private Placements**"), each as described further below. The funds raised by the 2016 Private Placements have been used and will be used by the Company for working capital to support its continuing operations, including, but not limited to, the advancement of the ICSID Arbitration.

#### ***July 2016 Private Placement***

On July 14, 2016 the Company closed a non-brokered private placement with one existing shareholder and a new investor to raise aggregate gross proceeds of \$40.625 million (the "**July 2016 Private Placement**"). Pursuant to the July 2016 Private Placement, the Company issued in aggregate 40,625 units, each unit consisting of:

- \$1,000 principal amount of convertible, subordinated, unsecured notes with a coupon of 0.025%. The notes mature on June 30, 2021 and will be convertible at any time prior to maturity, at the option of the holder, into Common Shares in the capital of the Company ("**Common Shares**") at a price of \$0.3105 per Common Share. At maturity, the Company will have the ability to repay the notes through issuing Common Shares;
- 1,610 common share purchase warrants, each warrant entitling the holder to purchase one Common Share at a price of \$0.46 at any time prior to June 30, 2021; and
- one arbitration value right ("**AVR**") entitling the holder thereof to its pro-rata share of 5.54% of any proceeds arising from the ICSID Arbitration, subject to a maximum aggregate entitlement of \$129.3 million among all holders of AVRs issued by the Company pursuant to the July 2016 Private Placement.

#### ***May 2016 Private Placement***

On May 11, 2016 the Company closed a non-brokered private placement with a number of existing investors to raise aggregate gross proceeds of \$20 million (the "**May 2016 Private Placement**") and concurrently entered into arrangements with certain existing securityholders to amend certain terms of the securities held by such holders (the "**Restructuring**"). Pursuant to the May 2016 Private Placement, the Company issued in aggregate 20,000 units, each unit consisting of:

- \$1,000 principal amount of convertible, subordinated, unsecured notes with a coupon of 0.025%. The notes mature on June 30, 2021 and will be convertible at any time prior to maturity, at the option of the holder, into common shares at a price of \$0.3105 per Common Share. At maturity, the Company will have the ability to repay the notes through issuing Common Shares;
- 1,610 common share purchase warrants, each warrant entitling the holder to purchase one Common Share at a price of \$0.46 at any time prior to June 30, 2021; and
- one AVR entitling the holder thereof to its pro-rata share of 7.5% of any proceeds arising from the ICSID Arbitration, subject to a maximum aggregate entitlement of \$175 million among all holders of AVRs issued by the Company pursuant to the May 2016 Private Placement and 2014 Private Placement (as defined below).

The May 2016 Private Placement was subscribed by certain existing shareholders of Gabriel, including certain shareholders who were deemed insiders as they exercised control and direction over 10% or more of the issued and outstanding Common Shares immediately prior to the closing of the May 2016 Private Placement.

#### ***2014 Private Placement***

On May 30, 2014 the Company completed a private placement with a number of existing shareholders (the “**2014 Private Placement**”) whereby the Company issued a total of 35,000 units at a price of \$1,000 per unit to raise aggregate gross proceeds of \$35 million. Pursuant to the Restructuring, certain terms of the securities issued by the Company under the 2014 Private Placement were restructured to bring them into alignment with the terms of the May 2016 Private Placement, including: (i) a reduction in the conversion price of the outstanding 2014 convertible loan notes from \$1.255 to \$0.3105 and a reduction in the coupon from 8% to 0.025%; (ii) a reduction in the exercise price of the outstanding 2014 common share purchase warrants from \$1.674 to \$0.46; and (iii) amendments to the terms of the outstanding 2014 AVRs to entitle the holder thereof to a pro-rata share of 7.5% of any proceeds arising from the ICSID Arbitration (previously 5%), subject to a maximum aggregate entitlement of \$175 million (previously \$130 million) among all holders of AVRs issued by the Company pursuant to the May 2016 Private Placement and 2014 Private Placement.

#### **Impairment of Project Assets**

As at December 31, 2015, the Company assessed the Project for asset impairment based on the guidance in *IAS 36 Impairment of Assets* and concluded that, despite its continued efforts to develop the Project and to seek an amicable resolution of the dispute in arbitration, an impairment should be recorded. Accordingly, as at December 31, 2015, the Company recorded a non-cash write-down of \$631.2 million relating to all mineral property and a material proportion of its other property, plant and equipment (the “**2015 Impairment**”). The 2015 Impairment is based on international accounting standards, and is thus without prejudice to the legal qualification that the Romanian assets may be given under Romanian or international law (including the Treaties).

Given the nature of the assessed impairment indicators that have given rise to the 2015 Impairment, since January 1, 2016 the Company has determined that, absent any positive, material permitting developments, none of the Company’s continuing expenditures meet the criteria for capitalization in the statement of financial position and all will be expensed to the income statement. In the fourth quarter of 2016, following a further assessment of certain residual assets owned by RMGC in the Project area, a further impairment charge of \$4.2 million was recorded.

### **Long Lead-Time Equipment**

Between 2007 and 2009, the Gabriel Group purchased certain long lead-time equipment comprised of crushing and milling equipment. Procurement of such equipment was made in advance of expected construction activities due to the nature of the procurement cycle at that time requiring lead times in the region of over a year for the delivery of orders of large-scale mining equipment. This equipment is currently stored in various warehouse locations which, with non-material exceptions, are outside of Romania. The principal storage location is the port of Antwerp, Belgium.

Due to the status of the Project and the ongoing ICSID Arbitration, the Company formally engaged two specialist agents to broker the sale of this equipment in December 2015. During the third quarter of 2016, the Gabriel Group sold a gyratory crusher for gross proceeds of US\$2.0 million (approx. \$2.6 million) and, after sales commission, recorded a net gain on disposal of \$0.6 million. The Company continues, through its agents, to procure the sale of the remaining long lead-time equipment.

At December 31, 2016, the value of the long-lead time equipment was assessed for indicators of impairment, and a charge of \$3.9 million was recognized in the income statement for the year.

### **Anticipated Activities for 2017**

Notwithstanding the ongoing ICSID Arbitration, the Company remains open to engagement with the Romanian authorities in order to achieve an amicable resolution of the dispute or a settlement enabling the Gabriel Group to develop the Project. In the meantime, the Company's current plans for the ensuing year are as follows:

- the advancement of the ICSID Arbitration, including the preparation and filing of the Memorial in support of its claim;
- the continued assessment of the Company's activities and resources necessary to support the preservation of its core assets and rights;
- carefully managing its cash resources (including the potential disposition of the remaining long lead-time equipment); and
- the protection of its rights and interests in Romania (including support to RMGC in respect of any further abusive, illegal, or retaliatory behavior of the Romanian authorities and, so far as reasonably practical and desirable, ensuring that existing licenses and permits remain in good standing).

There are significant risks that Gabriel's plans for 2017 may be adversely affected by delays in, or challenges to, one or more of its anticipated activities due to circumstances beyond its control. Reference is made to the section entitled "*Risk Factors*" in Part VI.

## **PART III OVERVIEW OF ROMANIA**

### **Introduction**

Romania lies on the Black Sea coast of south-eastern Europe. The Carpathian Mountains and the Transylvanian Alps divide the country into three physical and historical regions: Wallachia in the south, Moldavia in the north-east, and Transylvania in the country's centre. Romania has an area of approximately 238,000 square kilometres and borders Moldova, Ukraine, Bulgaria, Hungary and Serbia.

Bucharest, the capital city and industrial, financial and commercial centre of Romania, is located in the south-east of the country on the Dâmbovița river.

### **Politics of Romania**

#### ***Political Framework***

After a long period of communist rule, ending in the revolution of 1989, the new Romanian Constitution, approved by Parliament on November 21, 1991, and amended in November 2003, proclaimed Romania a parliamentary democracy.

Romania has a bicameral Parliament consisting of two legislative chambers, the lower house, called the Chamber of Deputies, and upper house, or Senate, and members of each house serve a four-year term. The President, elected to a five-year term, is the Supreme Commander of the Armed Forces and Chairman of the Supreme Defence Council. The President may nominate a candidate for the office of Prime Minister, while cabinet members must be approved by Parliament.

#### ***Presidential and Parliamentary Elections***

In November 2014, Klaus Iohannis, the then mayor of the city of Sibiu and leader of the National Liberal Party, was elected to the office of the President of Romania. Klaus Iohannis was sworn in as the fifth President of Romania on December 21, 2014.

In November 10, 2015 following the resignation of Victor Ponta, the then leader of the Social Democrat Party (PSD), President Iohannis proposed Dacian Cioloș, a former European Commissioner for Agriculture, for the permanent role of Prime Minister and on November 17, 2015 Dacian Cioloș' technocratic government was approved by the Parliament.

Parliamentary elections were held in Romania on December 11, 2016, the first to be held under a new electoral code adopted in 2015, which saw a return to the proportional electoral system last used in the 2004 elections. The PSD party won the parliamentary elections with 45 percent of the vote, leading them to form a coalition government with the Liberal Democratic Alliance (ALDE). Together, the PSD and ALDE account for 250 of the combined 465 parliamentary seats in the two-house assembly.

The PSD-ALDE coalition initially proposed Sevil Shhaideh for the office of Prime Minister, however this proposal was rejected by President Iohannis. In the alternative, the PSD-ALDE coalition proposed Sorin Grindeanu for Prime Minister, a proposal which was accepted by President Iohannis. The coalition government, led by Prime Minister Grindeanu, was approved by the Parliament on January 4, 2017.

### ***Recent Political Events***

On January 18, 2017, the Grindeanu Government approved an emergency ordinance to modify the Penal Code and Penal Procedure Code with a view to, inter alia, align the wording of certain criminal offences with the requirements of previous decisions issued by Romania's Constitutional Court. The passing of the emergency ordinance triggered significant protests across Romania. In the face of such public opposition, the Romanian Government subsequently announced that it would revoke the ordinance and passed a further emergency ordinance to repeal the proposed modifications of the Penal Code and Penal Procedure Code. After the repeal of the emergency ordinance, the Constitutional Court issued a decision recognizing the constitutionality and lawfulness of such ordinance and the mandatory requirement for such amendments to be made to the Penal Code and Penal Procedure Code to ensure such legislation is in line with the requirements of prior decision issued by the Constitutional Court.

### ***Accession to the European Union***

On January 1, 2007, Romania became a member state of the European Union ("EU").

Following accession, the European Commission preserved the right to monitor Romania's judicial system and its fight against corruption and organized crime, and to invoke safeguard measures against the country set forth in the Treaty of Accession with the EU. A monitoring and verification mechanism was established by the European Commission ("CVM") to ensure that Romania continued to reform in these areas post-accession. Accordingly, Romania is required to meet a number of benchmarks established by the Commission. The latest report was issued by the Commission under the CVM at the end of January 2017, a copy of which can be obtained from the European Commission's website [www.ec.europa.eu](http://www.ec.europa.eu).

The latest report concludes that "despite some periods when reform lost momentum and was questioned, Romania has made major progress towards the CVM benchmarks." However, the report also concludes that corruption in Romania is a "deep-seated societal problem with consequences for both government and economy" and notes that question marks persist over judicial independence and "deficient legislative practice" that allows for the "sudden introduction of changes through parliament, bypassing better regulation and consultation." The Commission's criticises the passing by the Grindeanu Government of the aforementioned emergency ordinance on January 18, 2017 stating that this "could affect the legal framework for corruption and the results of the fight against corruption". The report notes that greater transparency is needed in publishing information about progress in combating corruption.

### **Taxes and Mineral Ownership**

#### ***Taxes***

On January 1, 2015, Romania enacted a new tax code which introduced various changes to, amongst other things, corporate income tax, value added tax, personal income tax, social contributions and local taxes.

With effect from January 1, 2017, VAT is applied at a new lower rate of 19% on goods (whether imported or purchased locally) and services rendered in Romania, subject to detailed VAT regulations which are in line with EU Directives and regulations.

As of January 1, 2017, the standard rate of withholding tax on dividends to both resident and non-resident companies was reduced from 16% to 5%. Such withholding taxes may be reduced or eliminated subject to applicable double tax treaties ("DTT"). There is currently no DTT in place between Romania and Jersey (the jurisdiction of formation of RMGC's immediate parent company).

The standard profit tax rate is 16% for Romanian companies and foreign companies operating through a permanent establishment in Romania. Resident companies are taxed on their worldwide income, unless a DTT stipulates otherwise, and non-resident companies are taxed on all income derived from Romanian taxpayers regardless of whether the services are rendered in Romania or abroad. In addition, the Mining Law imposes certain taxes specific to the mining sector, as further described in the section entitled “*Mining Law and Mineral Ownership*” below.

### ***Mining Law and Mineral Ownership***

The law governing mining activities in Romania is law no.85/2003 (“**Mining Law**”), which was adopted in 2003 and subsequently amended on several occasions, most recently in 2016. The Mining Law provides that all mineral resources in Romania are administered by the NAMR.

All mineral resources located in Romania and in the portion of the continental shelf of the Black Sea adjoining Romania belong to the Romanian State. Mineral rights in Romania are acquired by way of prospecting permit, exploitation permit, exploration concession or exploitation concession granted by NAMR. Under the Mining Law, an exploration or exploitation concession is a property-related right distinct and independent from the ownership of the land on and under which it is located, even when both belong to the same person. The rights granted by an exploration or exploitation concession are exclusive to the holder, chargeable, defensible against third parties and transferable with the consent of the holder and of NAMR.

#### *Exploration Concessions*

An exploration concession may be obtained for a maximum period of five years, with a renewal right of a maximum of a further three years. The perimeter of an exploration concession may be reduced upon the request of the titleholder and with the consent of NAMR. An annual fee of 1,367 RON/km<sup>2</sup> is payable to the Government. The annual fee doubles two years after the issue of the concession and quintuples after four years. The holder of an exploration concession must provide NAMR with semi-annual and annual reports of all exploration activities conducted on an exploration concession. Exploration concessions confer on the holder the exclusive right to explore for any of the mineral substances lying within the perimeter of the concession.

Under the Mining Law, exploration concessions may be converted into exploitation concessions following the finalization of the exploration, upon the submission and acceptance by NAMR of a final exploration report, accompanied by an application for conversion, a feasibility study, a mine plan, an environmental impact assessment, an environmental rehabilitation plan, a social impact assessment as well as any other documents NAMR may request as relevant.

#### *Exploitation Concessions*

Exploitation concessions confer on the holder the right to explore, exploit, process, refine and trade all mineral substances (except oil, gas and radioactive substances) lying within the perimeter of, and subject to, the concession. In addition, exploitation concessions confer on the holder the right to obtain the right to use the surface of the land and available water to undertake mining activities in accordance with the provisions of the law.

An exploitation concession is granted for an initial term of twenty years and is extendable for successive five year periods. Under the Mining Law, an extension application must be submitted to NAMR no later than 90 days prior to the expiry of the exploitation concession license term. An annual fee of 34,180 RON/km<sup>2</sup> is payable by a holder of an exploitation concession to the Government. This fee may be adjusted for inflation. Holders of exploitation concessions must also pay to the Romanian State a net smelter royalty on all production plus a minor royalty for waste and aggregate material used in construction activities.

On January 13, 2015, Romania enacted an amendment to the Mining Law which prescribed a royalty for noble metals, including gold, of 6% of the mineral production value. Notwithstanding this legislative amendment, it is the Company's view that the royalty rate of 4% that is set forth in the License continues to apply to the Project.

## PART IV DESCRIPTION OF MINERAL PROPERTIES

**The information set out below and elsewhere in this Annual Information Form relating to the Roşia Montană Project, the License, the Gabriel Group's exploration and development activities in Romania, project approval and permitting process and reported gold and silver resources and reserves is for background purposes only and should not be interpreted as being indicative of the Company's expectations as at the date of this document regarding the future development of the Roşia Montană Project.**

Part XI of this document includes a glossary of certain mining terms used in this Annual Information Form.

### **Introduction**

Since 1997, Gabriel, through RMGC, has been engaged in the exploration and development of precious metal mineral properties in Romania with a principal focus, until recently, on the Roşia Montană Project. In addition, Gabriel has conducted significant exploration work on the Bucium Projects. These projects are situated in the historic "Golden Quadrilateral" area of Romania. This mining district in the Apuseni and Metaliferi Mountains of Transylvania covers an area of approximately 900km<sup>2</sup> immediately to the north-northeast of the city of Deva. Historically this constitutes one of Europe's most important gold producing area.

The Roşia Montană Project is the most advanced of the Company's projects. Actions and inactions of the Romanian State that led the Company to commence the ICSID Arbitration have prevented the Project from moving past the permitting stage. As exploitation Licenses are still awaited for the Bucium Projects, they are not deemed material mining properties for the purposes of disclosure in this Annual Information Form.

### **Technical Reports**

In 2011, Gabriel commissioned SRK Consulting (UK) Ltd ("**SRK**") to provide a revised technical report to reflect the status of the Project. This report included updated capital and operating costs and revenue projections from those last published by the Company in March 2009 ("**2009 Technical Report**") within the context of the then current environment for commodity, capital equipment and consumable prices. This revised technical report is dated October 1, 2012 and entitled "*Technical Report on the Roşia Montană Gold and Silver Project, Transylvania, Romania*" ("**Technical Report**"), and was filed in accordance with National Instrument 43-101 (Standards of Disclosure for Mineral Projects) ("**NI 43-101**").

Unless stated otherwise, all information in this Annual Information Form of a scientific or technical nature regarding the Project is derived or extracted from the Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of such report, a copy of which is available on either SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

## **The Roşia Montană Project**

### ***Project Description and Location***

The Project is wholly owned by RMGC, in which Gabriel has an 80.69% equity shareholding. The remaining 19.31% of RMGC is owned by Minvest RM, a State owned mining company.

The Project is located in west-central Romania near the village of Roşia Montană in Alba County and is within the Roşia Montană mining district. It is located immediately northeast of the town of Abrud, approximately 45km (80km by road) northwest of the regional capital of Alba Iulia, and 60km (90km by road) north-northeast of the city of Deva.

The Project is held under exploitation concession license number 47/1999 which covers an area of approximately 23.88km<sup>2</sup>. The concession was granted in June 1999 and has a 20-year term, with provision for successive five-year extensions.

As described in Part III, exploitation concessions confer on the holder the right to explore, exploit, process, refine and trade all mineral substances lying within the concession, as well as the right to obtain the use of the surface of the land and available water in accordance with the provisions of the law. Minvest, as the original titleholder of the Project and other properties, made an application to the Government under the then mining law for an exploitation concession for the Project, which was approved. The exploitation concession for the Project was granted to Minvest in June 1999. The terms and conditions of the concessions provided for the transfer of the concession license from Minvest to RMGC, and the transfer to RMGC was made in 2000. The transfer to RMGC limited RMGC's involvement in the closure of the existing mining operations that were run in the Project footprint by the Romanian State, and left related liabilities (such as environmental issues and redundancy packages) as sole obligations of State bodies.

The Project is an advanced stage gold and silver project, which has been the subject of several feasibility studies. The construction of the Project would require completion of permitting and financing. RMGC has intended for the Project to be constructed on an EPCM basis. The Project, as envisaged, would comprise an open pit mine and a processing plant comprising primary crushing, SAG and ball milling, cyanidation and adsorption onto activated carbon followed by electrowinning.

The deposit itself consists of several, mostly dacite-dominated, mineralised bodies located within a diatreme-maar complex. The two largest orebodies; Cetate and Cârnic, are characterised by the presence along with the gold of finely disseminated pyrite mineralisation hosted by dacite porphyry. A further six orebodies contribute to the total resource, namely Orlea, Carpeni, Carnicel, Cos, Jig and Igre.

As a result of historical mining activities (as described below), several abandoned waste dumps and tailings ponds exist on the Roşia Montană property. In addition, approximately 140km of historical underground workings, some dating from Roman times, have been identified and acid rock drainage continues to be produced from the historical openings and dumps which continue to discharge, untreated, into local streams. If the Project was permitted, RMGC had proposed to treat these effluents as part of its normal operating procedures.

For a description of surface rights pertaining to, and the permits required for, the Project, see the section entitled "*Permitting Process for the Project*" in Part V. For a description of the royalty rate applicable to the Project, see the section entitled "*Mining Law and Mineral Ownership*" in Part III.

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The Roşia Montană mining district is readily accessible via a well-developed network of roads and includes a number of community access, logging and mining property roads and tracks, which permit vehicular access to most areas. The village of Roşia Montană and the nearby town of Abrud are the two main centres housing staff and associated infrastructure for the Project.

The climate of the area is designated as continental temperate and is characterised by hot summers, cold winters, significant snowfalls, and annual rainfall averaging 745mm.

The Project site is well served by service infrastructure including an existing twin circuit power line which traverses the Project site and the availability of fresh water from a pumping station on the Aries River. In addition, two sources for construction materials have been identified within the Project site.

The Project area is characterised by a partly forested, hilly landscape with elevations ranging between 500 and 1,000 masl and valleys ranging in depth from 100 to 200 metres.

### ***Mining and Exploration History***

#### *Mining History*

The Project has been mined since Roman times but this activity has been concentrated during the following four principal periods:

- (i) Roman era;
- (ii) Austro-Hungarian Empire (end of the 17<sup>th</sup> century to 1918);
- (iii) Inter-war period (1918-1939); and
- (iv) Modern era (1947 to present).

While the high-grade quartz veins and breccias at Cetate and Cârnic were mined both from the surface and to a limited extent from underground during Roman times, most of the historic underground development and peak gold production occurred during the period of the Austro-Hungarian administration.

A more modernised method of underground mining was undertaken by the Romanian State from the early 1960s up until 1985. Underground mining during this period was carried out from strike development along individual quartz veins (predominantly at Orlea, Tarina, Carnicel, and also within Cetate and Cârnic) and room and pillar mining within breccias and dacite at Cetate and Cârnic.

In 1970, open-pit mining commenced at Cetate, extracting ore from new mining areas, but also recovering remnant pillars from the previous room and pillar mining areas. The open-pit was subsequently extended to the southwest to access ore hosted within the dacite at Cetate. Open-pit mining by the State at Cetate ceased in 2006. Open-pit mining was also conducted by the Romanian State on the western side of Cârnic from 2000 until 2004.

### *Exploration History*

Exploration during the 1970s and 1980s was undertaken under the control of the Romanian State companies I.P.E.G. Deva (reorganized as S.C. Minexfor S.A. (“**Minexfor**”)) and the former Rosia Montana Mining Enterprise, further reorganized as Regia Autonoma a Cuprului Deva (later known as Minvest). Samples collected during this period were routinely annotated onto plans and sections and gold and silver assays recorded by hand in assay ledgers. In 1984, a “feasibility study” was compiled by Minvest based on information acquired from exploration carried out up to 1984. This essentially comprised the compilation of the available data into a series of maps, plans, sections and tables.

In 1992, Minexfor completed an 18-hole diamond drilling program at Vaidoaia-Jig to confirm and extend the findings of previous exploration carried out at Vaidoaia and the previous feasibility study was then updated to reflect this.

### ***Geology***

#### *Regional Geology*

Geologically, Romania is comprised of four Mesozoic and older terranes exposed in the Carpathian Mountains which wind through the country from the north to the southwest. An area of some 900km<sup>2</sup> of the Apuseni Mountains just north of Deva is known as the Golden Quadrilateral. Historically this constitutes Europe’s most important gold producing area. The Project is located in the centre of the Apuseni Mountains, and within the northern-most of three northwest trending belts of volcanism found in the Golden Quadrilateral. The Mesozoic host rocks are dominantly Cretaceous black shale and sandstone sediments and these are overlain by Miocene sediments and tuffs.

#### *Local Geology*

The Roşia Montană deposit itself consists of several, mostly dacite-dominated, mineralised pipes located within a diatreme-maar complex consisting of a tuffaceous vent breccia. Mineralisation in the area comprises veins, disseminated sulphides, stockworks and breccia fillings. Grades vary between 0.5 and 2.0 g/t gold, with some localised gold grades of over 30 g/t occurring in veins and breccias. The two largest orebodies within the area are Cetate and Cârnic, which are characterised by finely disseminated pyrite within dacite porphyry.

Together, Cetate and Cârnic contribute approximately 63% of the Measured and Indicated Mineral Resource presented in the Technical Report. There are, however, six further orebodies that contribute to the total resource: Orlea, Carpeni, Carnicel, Cos, Jig and Igre. The mineralisation encountered in these deposits is similar to that of Cetate and Cârnic, comprising dacite porphyry hosted disseminated pyrite, sub-vertical breccia zones, and crosscutting veins.

Structure has played an important role at the Project supplying, firstly, dilation for the emplacement of the maar-diatreme complex and, secondly, the structural permeability up which the mineralising fluids flowed. Two types of structures have been identified at the Project, regional scale faults and more localised faulting related to the formation of the diatreme.

The Project deposits are hosted within an extensive zone of strong hydrothermal alteration. The distribution of alteration assemblages is quite complex, however, it can be simplified down to the following groupings: chlorite-carbonate-smectite alteration; phyllic-argillic alteration; QIP (quartz-illite-pyrite) alteration; quartz-adularia replacement; and silicification.

## ***Mineralisation***

The gold and silver mineralisation at the Project is associated primarily with sulphides, and approximately 80% of the gold occurs in free form. Pyrite and associated gold and silver are disseminated throughout the mineralised bodies providing a low background grade and are also concentrated in 1 to 10cm scale veinlets, which occur as stockworks. The frequency, intensity and orientation of the veinlets are variable although they tend to be more prolific where alteration intensity increases and it is this process that has concentrated metal in the central highly altered cores at Cetate and Cârnic.

There are several different styles of mineralisation at the Project and these are described in turn below:

- (i) *Dacite hosted mineralisation* - this style of mineralisation is characterised by wide zones of finely disseminated sulphide (pyrite) hosted within dacite porphyry. QIP and silica-adularia alteration are distinctive features of the mineralised dacite and the best indicator of gold and silver grade. Narrow, usually widely spaced, stockwork veining is always present but is minor in terms of contained gold and silver. The individual veins are generally steeply dipping, discontinuous and less than 1m wide though in places the veins have blown out into narrow hydrothermal breccia pipes. Significant gold mineralisation of this style occurs at Cetate, Cârnic, Carpeni, Gauri, Cos and parts of the Vaidoaia zone.
- (ii) *Sub-vertical breccia zones crosscutting dacite intrusive bodies* – these mineralised breccias are commonly of mixed lithology and are considered to represent structurally controlled phreato-magmatic breccias. The mineralisation occurs within strongly silicified alteration zones which contain low to moderate amounts of disseminated fine-grained sulphide within both the matrix and breccia clasts. Cetate and Cârnic contain mineralisation of this style.
- (iii) *Disseminated and vein hosted gold-silver mineralisation within vent breccia* - a significant amount of the gold-silver mineralisation is hosted by the vent breccia surrounding the dacitic intrusions. This mineralisation is characterised by silicification and finely disseminated pyrite and by infrequent, and generally narrow veining. Examples of this style of mineralisation are present at Carnicel, Vaidoaia, Jig, Igre, Orlea and Tarina.
- (iv) *Diatreme breccia pipe hosted mineralisation* - this type of mineralisation is hosted by the sub-vertical diatreme breccia pipes at Igre and Jig. It is characterised by intense, pervasive silicification of both the breccia matrix and the diatreme breccia clasts. Disseminated pyrite is also pervasive within the matrix and clasts and sometimes completely replaces the black shale clasts. Zones of rhodochrosite have also been identified, occurring within the matrix of the diatreme breccia.
- (v) *Cretaceous sediment hosted mineralisation* - this mineralisation has been identified at Igre, Gauri, East Cârnic and Cos. The mineralisation occurs directly below the vent breccia-Cretaceous sediment contact and is usually hosted by shale, sandstone and less frequently by conglomerate beds. The mineralisation is characterised by both silicification and pervasive fine-grained disseminated pyrite and in some areas (Igre, Gauri and East Cârnic) by hydrothermal crackle brecciation that varies from mm-width widely spaced spidery crackle breccia through to more intense mosaic (jigsaw) brecciation. Clasts are always very angular and made up of locally derived sediment. The brecciation can be over 50m thick and tends to be most intense close to the vent breccia-Cretaceous contact. The breccia matrix is typically vuggy and crystalline, some coliform banding has been observed and up to five phases of mineralisation can be present. The mineralisation is dominated by carbonate (both calcite and rhodochrosite), quartz and pyrite with galena and sphalerite not uncommon and rarer chalcopyrite.

### ***Exploration***

All exploration work at the Project prior to 1998 was undertaken by State companies. Post 1998, however, exploration was undertaken under the management of RSG Global of Perth, Western Australia (“RSG”) in close consultation with RMGC field staff and management, and it was this information that was used to derive the Mineral Resource estimates presented in the Technical Report.

All surveying, topography, underground workings, and drill hole collars for the Project are reported to be based on the Stereo70 grid system. Aerial photography was flown by RMGC as part of the feasibility study with the topography generated by licensed surveyors Spectrum Survey and Mapping (Spectrum) of Perth, Australia. This has been superseded by a LiDAR topographic survey undertaken by Fugro in 2010.

The exploration work itself has comprised reverse circulation (RC) and diamond (DD) drilling from surface, along with underground channel sampling of all accessible underground drives and crosscuts. Surface channel sampling was also undertaken to extend the known surface geochemical and assay database. During 2000, a programme of underground DD drilling was undertaken from the lowest accessible level in the Cetate and Cârnic underground development.

The channel sampling was completed on 1m intervals from all the accessible and safe drives within the Roşia Montană deposit, and from surface channels and pits. The widths and depths of each channel were measured and samples were routinely weighed prior to final bagging in order to maintain an even sample size and to avoid sampling bias in harder rock types. The average channel sample weight was maintained at 3.7kg. In total the Company completed some 1,688 runs of channel sampling totalling some 71,952m and this provides an approximate 30m spaced network of sample lines in the cores of the main orebodies.

The extent of the underground workings has been determined from digitised historical plans. Check surveying of portals and traverses within the underground development has confirmed their accuracy. In addition, during the validation of the underground survey traverses undertaken by Spectrum, all visible start points for the channel samples were surveyed and were subsequently compared with those recorded in the underground channel sampling three-dimensional database.

Subsequent to May 2005, some additional geotechnical drilling has been undertaken and additional underground channel sampling completed. This data was collected subsequent to the cut-off date for the data used to derive the Mineral Resource Estimate presented in the Technical Report but is not material in the context of the size of the database as a whole and no additional resource estimation studies have been completed incorporating this.

### ***Drilling***

The RSG sample database, on which the Mineral Resource Estimate presented in the Technical Report is based, comprises information from the following drilling (in addition to the information from the underground sampling commented upon above):

- 348 DD drill holes totalling some 31,905m
- 629 RC drill holes totalling some 75,436m
- 131 RC pre-collar diamond drill holes totalling some 29,237m

The drilling was undertaken by Genfor SRL, the Romanian subsidiary of RB Drilling Ltd. The company used a variety of RC, DD and multi-purpose drill rigs.

All surface and underground drill holes have been downhole surveyed using Eastman or Sperry Sun single-shot cameras, based on a downhole interval of approximately 50m. Due to ground conditions, many RC holes had to be surveyed inside the drill rods, resulting in the production of dip measurements only, rather than dip and azimuth measurements. Some RC holes have been surveyed after the removal of the drill rig, using PVC piping to protect the Eastman single-shot cameras. In these cases the PVC piping was lowered down the hole as far as possible and camera shots were taken at 50m intervals.

Drill core recoveries were calculated by comparing the measured length of recovered core with the distance recorded on the core blocks between each drill run. Core recovery for samples in the database is on average in excess of 95%, except for the 2002 geotechnical drilling, which averaged 86%. SRK considered the core recovery to be acceptable. In the case of DD, where poor ground conditions were encountered, a triple tube core barrel, sub-three metre core runs and specialised drilling mud were used to maximise core quality. All core was photographed prior to sampling. The surface drilling as a whole now provides coverage on an approximate 80 x 80m grid over most of the well mineralised parts of the deposit, with frequent areas of infill drilling reducing the sample spacing to an average of 40 x 40m. Underground drilling has allowed areas with no channel samples or with a low density of surface drilling coverage to be properly explored.

### ***Sampling Preparation, Analyses and Security***

The DD core was marked off at 1m intervals and sampled to produce half-core (lengthways) using a diamond core saw. RC samples were routinely collected at 1m intervals and the cuttings split with a Jones riffle splitter. Field duplicates were taken via the splitter every 20 samples. The bags of cuttings were routinely weighed prior to taking the sub-sample via the Jones riffle splitter. Sample weights were routinely measured on a meter-by-meter basis as part of the standard reverse circulation drilling procedures.

Random replicate samples (10%), whereby a sample taken from the LM5 pulveriser was sub-sampled and assayed twice, and second split samples (approximately 10%), whereby two individual samples were taken from the LM5, were taken for quality control purposes.

Samples were prepared and assayed at the on-site, custom built, laboratory managed by SGS Ltd. (formerly Analabs Pty. Ltd.) (“SGS”), an internationally accredited assay laboratory group. All drill hole and channel samples were crushed and milled to 85% passing 75 microns in an LM5 pulveriser. Core samples were crushed with a jaw crusher before pulverising. 300g scoop samples were taken from the bowl of the LM5, with the remainder of the sample pulp being stored. 50g sub-samples were submitted for fire assay, with an atomic absorption spectrometry (AAS) finish. A normal fire assay batch consisted of 50 assays, comprising 40 original samples, 4 replicate samples, 3-second split samples, 2 standards and a blank. Prills were digested in aqua regia to dissolve the gold and silver and the solution was then assayed by AAS and the results were back-calculated to provide the sample assay result.

Check samples were also sent to external laboratories and in total approximately 1,500 samples were checked externally at SGS in Perth and ALS Chemex (Bondar Clegg) in Canada.

A variety of sample types were used to generate a dataset of sulphate assays. Although the distribution of sulphate assays covers the orebodies scheduled to be mined, the high-grade core areas are underrepresented. Given the importance of sulphate assays in the metallurgical recovery algorithms applied in the revenue determinations, and notwithstanding the fact that SRK considers the assumptions made by Gabriel in this regard for the purpose of its production planning to be appropriate, SRK has recommended to Gabriel that further work be carried out prior to the commencement of mining to confirm that the highly altered core areas do not have materially different sulphide / sulphate ratios. As the sulphide ores are more refractory, an increase in the sulphide / sulphate ratio would result in a decrease in the metallurgical recovery and vice-versa.

A total of 6,213 density determinations have been carried out since January 1998, on both diamond drill core samples and hand specimens obtained from underground development. The determinations themselves were undertaken at the Cepromin laboratory in Deva, Romania, which is a commercial laboratory previously run by the Government prior to privatisation.

Samples were collected and data recorded according to detailed mineralised zone location, lithology and style and intensity of alteration. Diamond core samples were prepared by ‘squaring off’ the ends of approximately 15cm billets of half core. Bulk density determination was by standard water immersion method with each sample coated in wax prior to immersion. Standard laboratory samples were used to calibrate the scales between each measurement. All samples were returned to site and the samples placed back into the core trays, without removing the wax coating, as a record. Results are supplied in hardcopy format with the bulk density measurement reported to two decimal places.

### ***Mineral Resource and Mineral Reserve Estimates***

#### *Mineral Resources*

SRK did not independently re-estimate Mineral Resources for Roşia Montană, but rather reviewed and commented upon the quantity and quality of the underlying data and the methodologies used by RSG to derive the estimates previously reported in the 2009 Technical Report and, as part of this, undertook a series of check calculations.

The table below summaries SRK’s audited Mineral Resource Statement based on a 0.4 g/t cut-off grade as presented in the Technical Report. SRK reports this in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum’s “CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines” (CIM Standards). The only material difference between this and the Mineral Resource derived by RSG is that it was reported at a lower cut-off grade. It should be noted that the Mineral Resources are stated inclusive of that material which is converted to Mineral Reserves.

<b>Resource Category</b>	<b>Tonnage (Mt)</b>	<b>Au Grade (g/t)</b>	<b>Ag Grade (g/t)</b>	<b>Au Metal (Koz)</b>	<b>Ag Metal (Koz)</b>
Measured	171.5	1.32	8	7,260	43,160
Indicated	341.2	0.90	3	9,890	37,960
<b>Measured and Indicated</b>	<b>512.7</b>	<b>1.04</b>	<b>5</b>	<b>17,142</b>	<b>81,117</b>
Inferred	44.8	0.98	3	1,420	4,100

### *Mineral Reserves*

The table below summaries SRK’s audited Mineral Reserve statement as presented in the Technical Report. This reflects the ore planned to be mined as assumed by the economic model presented in the Technical Report. SRK considers this statement to be in accordance with the guidelines and terminology provided in the CIM Standards. This Mineral Reserve is the same as that presented in the 2009 Technical Report which reflects the fact that various pit limit constraints (physical features including permitting related protected areas and historic buildings) had been retained.

<b>Reserve Category</b>	<b>Tonnage (Mt)</b>	<b>Au Grade (g/t)</b>	<b>Ag Grade (g/t)</b>	<b>Au Metal (Moz)</b>	<b>Ag Metal (Moz)</b>
Proven	112.5	1.63	9.01	5.9	32.6
Probable	102.5	1.27	4.55	4.2	15.0
<b>Total</b>	<b>214.9</b>	<b>1.46</b>	<b>6.88</b>	<b>10.1</b>	<b>47.6</b>

Notes:

- (1) Disclosure of Mineral Resources and Mineral Reserves for the Project is derived from the Technical Report with an effective date of October 1, 2012, a copy of which is filed under the Company’s SEDAR profile. SRK authored the Technical Report under the supervision of Dr. Mike Armitage C.Eng C.Geol, Corporate Consultant and Former Group Chairman of SRK, who is considered an independent qualified person for the purposes of NI 43-101 – Standards of Disclosure for Mineral Projects guidelines.
- (2) The Mineral Resources and Mineral Reserves have been classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum’s “*CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines*” as per the requirements of NI 43-101.
- (3) For more information with respect to the grade interpolation procedures used, data verification procedures undertaken and the key assumptions, parameters and risks associated with the foregoing scientific and technical information, please refer to the Technical Report.
- (4) The Mineral Resources estimate set out above uses a 0.4 g/t gold cut-off.
- (5) Numbers may not total due to rounding in some of the calculations.
- (6) Mineral Resources and Mineral Reserves are mine and property totals and are not limited to Gabriel’s proportionate interests in the Project.
- (7) All quoted Mineral Resources are inclusive of the Mineral Reserves.
- (8) The Mineral Reserves reflects the portion of the Mineral Resources planned to be mined, inclusive of mining dilution and losses and falling within the designed pits. All of the Mineral Resources presented here have the potential for eventual economic extraction.
- (9) Development of the Project is dependent on successful permitting.

### ***Exploration Potential***

The lateral limits to the orebodies explored to date are largely determined by the extent of drilling and therefore there is potential for the discovery of further mineralisation with additional drilling. Most notably, SRK commented that further exploration is justified to explore the extensions to the Orlea, Cârnic and Igre orebodies. While there are no planned activities in relation to exploration and upgrading Mineral Resources, outline drilling budgets have been developed for this work.

### ***Proposed Mining Operations***

#### *Mining Method*

The Project has been planned as a conventional open-pit mining operation producing and delivering gold and silver bearing ores to the processing plant located immediately adjacent to the mine site.

#### *Throughput*

The mine plan envisages a mine operating life of approximately 14 years through the selection, production and processing of higher grade material in the initial years of operation (during the first five years of mining the average grade mined is 1.8 g/t gold), while stockpiling lower grade material (at an average grade of 0.9 g/t gold).

Once active mining operations cease during year 14, the 29.4 million tonne stockpile of lower grade material will be reclaimed and processed during the remaining two years of mine life. As the mine plan schedules the Cârnic, Orlea and Jig pits to be mined out prior to the Cetate pit, the Cârnic, Orlea and Jig pits will be backfilled with waste rock in the later years of the mine life.

#### *Mine Scheduling*

Mining is scheduled to commence at Cetate and Cârnic, as they are situated closest to the process plant and together comprise the majority of the Proven Mineral Reserve and Probable Mineral Reserve. Mining at Cârnic will be completed in Year 9 with Cetate continuing for the remainder of the mine life. Mining at Orlea and Jig will begin in year 8 and 9 respectively of the mine life.

#### *Waste Management*

A total of approximately 257 million tonnes of waste rock material will be removed from the four open-pits during the mine life of the Project, giving a life of mine average waste/ore stripping ratio of 1.2 tonnes of waste per tonne of ore. During the initial nine years of mine life, waste will be deposited on one of the two principal waste dumps, being the Cârnic waste dump located south of the Cârnic open-pit, and the Cetate waste dump, located to the west of the Cetate open-pit. Starting in year ten, the Cârnic pit will be backfilled with waste material as will the Orlea and Jig pits upon completion of mining in years 12 and 11, respectively.

#### *Process Plant*

The material planned to be processed has been shown to be partially refractory with the precious metals associated with, and partially locked in, sulphide minerals, mainly pyrite. Despite the partially refractory nature of the ore, a relatively conventional free milling gold recovery plant has been shown to be effective. The flowsheet selected incorporates primary crushing, SAG and ball milling, cyanidation and adsorption onto activated carbon. A gravity recovery circuit has been incorporated into the milling circuit for recovery of free gold and continuous elution circuits have been selected for the treatment of the loaded carbon. Overall recoveries around 79% for gold and 61% for silver are forecast over the life of the mine although these vary significantly dependent on the ore source (Cârnic, Cetate, Jig or Orlea pits), the feed grade for gold and silver and the sulphide sulphur level in the feed.

Tailings slurry will be thickened and subject to cyanide detoxification prior to discharge to the tailings management facility (“**TMF**”).

#### *Tailings Management Facility*

The TMF has been sized to contain 250 Mt of material and will be created by constructing a single dam in the Corna Valley, located south of the process plant and planned pits and west of the proposed waste rock dumps.

At the start-up of operations, the TMF will consist of a cofferdam (constructed to elevation 682 masl) that will be encompassed within the TMF Starter Dam (“**Starter Dam**”) (constructed to elevation 739 masl), both of which will be contained within the upstream toe of the main tailings dam. The Starter Dam has been designed as a water retaining structure in perpetuity, as the maximum phreatic surface has been modelled to be at about its crest.

The Starter Dam will be constructed with chimney drains on either side of the central clay core. A drain blanket will be installed at the base of the Starter Dam downstream of the centreline (and continue to the downstream toe of the ultimate dam footprint), and will capture seepage and relieve pore pressures. The tailings dam will be raised vertically each year after the ‘Stage 2’ Starter Dam has been completed, using a centreline method of construction. The downstream slope of the dams will be overall 3 horizontal to 1 vertical (3H:1V), and will be constructed from tailings on the upstream side and waste rock on the downstream side, separated by filter material.

A Secondary Containment Dam (“SCD”) will be constructed downstream of the main rockfill dam during initial operations. A series of semi-passive treatment lagoons will be constructed below the SCD and are intended to treat seepage water, runoff water from the face of the TMF dam or excess water stored in the TMF reclaim pond.

The TMF basin preparation will include the removal of topsoil material, and regrading and compaction of exposed colluvial material to form a low permeable barrier layer. In areas with unsuitable material (exposed rock or poor quantity soils material), the area will be covered with a geosynthetic clay liner or a compacted colluvial layer. In addition, a series of drains will be constructed at the base of the basin.

*Summary of the Technical and Economic Aspects*

A summary of the technical and economic aspects of the proposed open-pit mine at the Project, derived from the Technical Report which was prepared and calculated for 100% of the Project, is as follows:<sup>(1)</sup>

	<b>Mine Life</b>	
Estimated Mine Life	16 years	
	<b>Capital Costs<sup>(2)</sup></b>	
Initial Capital Costs (US\$’m)	1,400	
Sustaining Capital Costs (US\$’m)	571	
Closure Costs (US\$’m)	146	
	<b>Average Annual Production</b>	
	Initial 60 Months	Life of Mine
Gold (Koz)	608	485
Silver (Moz)	2.6	1.7
	<b>Operating/Production Costs</b>	
	Initial 60 Months	Life of Mine
Average Operating Costs (US\$/t) <sup>(3)</sup>	19.09	16.97
Unit Cash Costs of Gold Production (US\$/oz) <sup>(4)</sup>	320	399

	Sensitivity Analysis <sup>(5)</sup>	
	US\$1,200/oz for gold and US\$20/oz for silver	US\$1,800/oz for gold and US\$35/oz for silver
Undiscounted Cash Flow (US\$'m)	3,606	7,699
NPV at a 10% Discount Rate (US\$'m)	865	2,494
Internal Rate of Return (%/year)	19.6	32.5
Payback of Initial Capital Outlay	Year 4	Year 2

Notes:

- (1) These statistics are derived from the Technical Report.
- (2) These updated estimates are a combination of first principle estimates, quotes and escalations of previous estimates. Overall the initial capital costs have increased by US\$524m and the sustaining capital costs have increased by US\$205m since the 2009 Technical Report.
- (3) These numbers assume a royalty of 4% payable to the Romanian State Budget of Romania based on total gross revenue; a refining deduction of 0.2% of total gold produced and 0.75% of total silver produced; a refining charge of US\$0.80/oz payable gold and transport and treatment charge of US\$0.53/oz payable gold and silver but exclude silver credits.
- (4) These numbers exclude corporation tax, working capital and VAT movements and include silver credits.
- (5) These numbers are post-tax, pre-finance life of mine results.

### ***Recent Exploration and Development Activities***

Gabriel's proposed activities for 2017 are described in the section entitled "*Anticipated Activities for 2017*" in Part II.

**PART V  
DESCRIPTION OF THE PERMITTING PROCESS  
AND LEGAL CHALLENGES**

The information set out below and elsewhere in this Annual Information Form relating to the Roşia Montană Project, the License, the Gabriel Group's exploration and development activities in Romania, the Project approval and permitting process and reported gold and silver resources and reserves is for background purposes only and should not be interpreted as being indicative of the Company's expectations as at the date of this document regarding the future development of the Roşia Montană Project.

**Permitting Process for the Project**

*General*

After obtaining the rights to develop the Roşia Montană Project, the Gabriel Group, through RMGC, initiated and maintained necessary actions and undertakings in respect of the legislated permitting and approval processes for the development (and, where appropriate, the construction and operation) of the Project, including environmental, archaeological, and land use authorizations. These actions, as well as the acquisition of significant surface rights in the area of the Project footprint by Gabriel, were undertaken with the knowledge, acceptance and encouragement of successive Romanian Governments in order to comply with procedures laid down by the Romanian State with which to facilitate the commencement of the construction phase of the Project.

As described in this section, RMGC must obtain a number of permits, approvals, authorizations and regulatory consents (the "**Authorizations**") from various levels of local, county and national governmental authorities in order to proceed with the development, construction and operation of the Project and the development of its other mineral interests in Romania. A brief summary of certain of the material Authorizations is set forth below, together with a summary of certain recent developments which impact the permitting of the Project.

**Given the current status of the Project, the ongoing ICSID Arbitration and the continued failure and refusal of the Romanian authorities to address the assessment procedures of the Project in accordance with the regulatory and legal norms, the Company expects that a number of existing Authorizations obtained or granted in relation to the Project will lapse or be the subject of legal challenge, and that certain pending endorsement processes and applications for outstanding Authorizations will not be evaluated and/or issued in accordance with the regulatory and legal norms.**

Reference is made to the section entitled "*Risk Factors – Permitting Process*" in Part VI.

*Environmental Permitting Process*

One of the most significant permits required for the Roşia Montană Project is the environmental permit (the "**Environmental Permit**").

After completing the intensive study and analysis of the environmental and social impacts of the Project and the appropriate corresponding mitigations, following terms of reference established by the Romanian Ministry of Environment, RMGC prepared, and in May 2006 submitted, the Environmental Impact Assessment Report (“**EIA Report**”) for the Project to the Ministry of Environment. The EIA Report addresses comprehensively all environmental and socio-economic aspects of the construction, operation, and ultimate closure and rehabilitation of the proposed mine. The EIA Report forms the basis upon which the Government is (i) to evaluate the Project’s impacts; and (ii) to issue the Environmental Permit. Under the applicable legal regime, the Environmental Permit is to be issued by Government decision taking into account the recommendations of the Technical Assessment Committee (“**TAC**”) established under the auspices of the Ministry of Environment to review the EIA Report.

After holding several meetings, the TAC review process was suspended in 2007 by the Ministry of Environment during the tenure of an Environment Minister who publicly opposed the Project. This suspension was for an indefinite time period and in circumstances which the Company maintains were without valid legal basis.

The TAC review process was resumed in September 2010 and the TAC has since met on twelve separate occasions. Upon such resumption and following review of an updated EIA Report, the TAC Chairman announced at the end of a TAC meeting in November 2011 that the TAC had completed its review of all technical aspects of the Project and was ready to issue a recommendation. The TAC, however, failed to do so. After a number of further meetings, convened to a random timetable and agenda, the TAC Chairman announced again at a TAC meeting in July 2013 that the TAC had completed its review and was ready to issue a recommendation. The TAC again failed to do so. The TAC met twice in 2014 during which no meaningful business was conducted. Following issuance by Gabriel of the Notice of Dispute, the TAC met once in 2015, but still failed to issue any recommendation on the Environmental Permit or otherwise take steps to complete the process. Ultimately, the Government has failed to act on the Environmental Permit for political rather than technical reasons, thus making it impossible for the Project to proceed.

#### *Adverse Legislative Initiatives on Cyanide*

On December 21, 2016 the outgoing Government of Prime Minister Dacian Cioloș adopted a ‘point of view’ on a temporary ban on cyanide use in Romania in relation to certain draft laws proposing to amend the Mining Law to include an interdiction of cyanide use in mining activities which have been under review in the Parliament since 2007 and 2013. The legal moratorium proposed by the Cioloș Government to the Parliament provides for a 10 year period during which cyanide-based technologies may not be used in mining. During this time frame, it is proposed that the Romanian State would have to undertake detailed assessments of the environmental issues generated by cyanide-based mining operations and analyse alternatives. In order to be enacted, the proposal for such a moratorium would have to be approved by the Parliament.

#### *Land Use Regulations*

All land situated under the footprint of the proposed new mine at Roșia Montană must be zoned and/or classified for industrial uses including mining. Similar to other countries, Romania manages its land planning through several levels of zoning which include (i) general urbanism plans and accompanying local regulations (“**PUGs**”) and (ii) zonal urbanism plans and accompanying local regulations (“**PUZs**”).

### *General Urbanism Plans*

A PUG is a land management documentation applicable at the level of each territorial-administrative unit (municipality, city or commune) and contains general rules regarding the proposed development of the respective unit, defines the area where constructions may be developed and sets forth urbanism regulations to be applied in the respective area. PUGs are initiated by the public authorities and approved by the local councils.

A PUG divides the territory of a given territorial-administrative unit in so called “territorial reference units” (*‘unitate teritorială de referință’* (“**UTR**”)), each unit having a certain principal function, depending on the dominant activities that are designated for that area. A UTR may be designated as central, residential, agricultural, industrial, protected, communication or green area. The PUG sets forth the designation and the urbanism rules applicable for each UTR and PUG regulations must be restated and detailed by a PUZ, or, as the case may be, by detailed urbanism plans. PUGs are valid for a limited period (maximum 10 years), which may be extended only once for a maximum additional term of 10 years.

A number of PUGs have previously been initiated by the public authorities and approved by the local councils in respect of the Project, including the PUG for the Roșia Montană commune (approved in 2002) (“**2002 Roșia Montană PUG**”); the PUG for Abrud (approved in 2002); the PUG for Campeni (approved in 2009); and the PUG for Bucium (approved in 1999).

The 2002 Roșia Montană PUG divided the territory of the commune in certain UTRs and modified the designation of certain such UTRs from residential to industrial areas. In July 2014, the 2002 Roșia Montană PUG was extended for a further term of three years, pending conclusion of the process for obtaining new PUGs, as described further below.

As described in the section entitled “*Legal Challenges relating to the Project*” in this Part V, the 2002 Roșia Montană PUG remained in force during the entire duration of the EIA process, as carried out to date, until it was annulled in May 2016 by a Romanian appeal court. Accordingly, the area of the Project does not currently have a valid PUG and, therefore, no construction work could be authorized for the area of the Project footprint until a further PUG is obtained. Furthermore, the annulment of the 2002 Roșia Montană PUG reverted the designation of certain UTRs where the industrial facilities of the Project were to be located to their prior designation as residential areas, preventing the authorization of industrial constructions on such areas for the time being.

In 2012, the local councils of Roșia Montană, Abrud and Bucium initiated the process for the approval of new PUGs for the respective localities. These new PUGs are still undergoing their endorsement procedures and, given the current status of the Project and the ongoing ICSID Arbitration, the Company does not expect that such approvals will be granted in a timely manner, if at all.

### *Zonal Urbanism Plans*

The PUZ is a more detailed plan and relates to the development of a particular area located within the territory of an administrative unit. It provides detailed regulations for the particular subject zone including: (a) organisation of roads; (b) architectural character; (c) land use; (d) utilities and infrastructure development; (e) forms of ownership and transfer of land; and (f) protection of historical monuments and easements in protected areas. A PUZ details the regulations established for the relevant area under the PUG. The final approval of a PUZ by the relevant local councils follows receipt of a series of endorsements and approvals from various authorities.

In 2002, the local councils of Roșia Montană and Abrud approved a PUZ designating an industrial zone under the footprint of the proposed new mine at Roșia Montană (“**2002 Industrial Area PUZ**”). The 2002 Industrial Area PUZ referred to an area of 1,614 hectares located partly in Roșia Montană and partly in Abrud and, as such, was approved by both the local councils of Roșia Montană and Abrud. Among other approvals required under the law, the 2002 Industrial Area PUZ also obtained an environmental approval in July 2002.

As described in the section entitled “*Legal Challenges relating to the Project*” in this Part V, the 2002 Industrial Area PUZ remained in force during the entire duration of the EIA process, as carried out to date, until it was annulled in May 2016 by a Romanian appeal court. Accordingly, the area of the Project does not currently have a valid PUZ for the proposed industrial zone under the footprint of the proposed new mine at Roșia Montană and therefore no construction work could be authorized for the area of the Project footprint until a further PUZ is obtained.

In 2006, an amended PUZ for the industrial development area of the Project was initiated to replace the 2002 Industrial Area PUZ, and such PUZ was further updated in 2010 (“**Industrial Area PUZ**”). As at the date of this document, 16 out of the 23 endorsements necessary for the approval of Industrial Area PUZ had been granted. Following completion of the endorsement process, approval of the Industrial Area PUZ by the local councils of Roșia Montană, Abrud and Bucium is required.

In 2009, the local council of Roșia Montană initiated the process for a PUZ for the Roșia Montană historical protected area (“**Historical Area PUZ**”) and, as at the date of this document, 9 out of the 13 endorsements necessary for the approval of Historical Area PUZ had been granted. Following completion of the endorsement process, approval of the Historical Area PUZ by the local council of Roșia Montană is required.

These Industrial Area PUZ and Historical Area PUZ are still undergoing their endorsement procedures and, given the current status of the Project and the ongoing ICSID Arbitration, the Company does not expect that such approvals will be granted in timely manner, if at all.

### *Urbanism Certificates*

In Romania, urbanism certificates form part of the legal regime associated with obtaining a construction permit for any kind of construction undertaking and are not solely associated with the mining industry. An urbanism certificate is an “informative deed” issued by a local or county council that sets out the legal, technical and economic status of a particular parcel of land and lists the documents that must be submitted in order to obtain a construction permit thereon. An urbanism certificate contains a list of endorsements and approvals that the applicant should obtain before applying for a construction permit from the various authorities. It is not a permit or an approval and does not grant any rights or authorize the undertaking of any activities. Urbanism certificates generally are valid for a period ranging between 6 and 24 months.

RMGC has obtained urbanism certificates for the land underneath the industrial footprint of the Project and has applied to renew or replace those certificates which have either expired or been the subject of legal challenges.

Since 2004, RMGC has obtained six separate urbanism certificates with respect to the industrial footprint of the Project (each of which were initially valid for a period of 24 months), the most recent being UC-98 which was issued by the Alba County Council on April 25, 2016 and replaced the prior urbanism certificate which had expired, UC-47.

As described in the section entitled “*Legal Challenges relating to the Project*” in this Part V, all of the urbanism certificates issued in respect of the Project have been the subject of legal challenge.

### ***Dam Safety Permits***

On June 29, 2010, the Romanian National Dam Safety Commission (“**CONSIB**”) approved the design of the Project’s Corna and Cetate dams and operational safety permits were issued, both valid for two years. The duration of these permits was subsequently extended for a further period of five years in 2012. In November 2014, CONSIB unanimously voted for the issuance of new five-year operational safety permits for the Corna and Cetate dams (subject to construction of the Project commencing within two years) and these permits were subsequently approved for issuance by the Ministry of Environment in December 2014.

### ***Archaeological Discharge***

#### *Archaeological Discharge Certificates*

To realize the Project, a number of archaeological discharge certificates (“**ADCs**”) for mining, construction and operation in various parts of the proposed Project footprint are needed. In order to obtain such certificates, RMGC conducted, at its sole cost, extensive programs of exploratory and preventative archaeology in order to ensure that valuable historical relics in the area are uncovered and preserved where appropriate.

Between 2001 and 2008, the Romanian authorities issued ten (10) ADCs covering important areas of the Project, namely the Cetate open-pit, the Jig open-pit, the Cârnic open-pit for both surface and underground areas, as well as for Corna TMF. The issuance of the ADC for the Cârnic underground area was challenged by the NGOs and finally annulled by the Romanian courts on December 9, 2008.

On July 14, 2011, the Alba County Directorate for Culture and National Patrimony issued a new ADC for the Cârnic Massif (underground), ADC-9 (“**ADC-9**”), which complemented the ADCs previously issued for the Cetate and Jig open-pits.

Under Law 422/2001 on historical monuments, only such archaeological sites that are found “significant” or “remarkable” can be classified as historical monuments. Under GO 43/2000 on archaeological heritage and Law 422/2001 on historical monuments (i) archaeological discharge removes the protection regime for the relevant archaeological sites; and (ii) where archaeological sites have also been classified as historical monuments and are archaeologically discharged, the procedure for their declassification from the List of Historical Monuments is carried out *ex officio* by the Ministry of Culture.

However, despite the extensive and costly archaeological research undertaken by RMGC, the archaeological discharge of large areas under the Project’s footprint and the unambiguous legal principles of GO 43/2000 and Law 422/2001, the Ministry of Culture unlawfully failed to commence the mandatory declassification procedure.

As described in the section entitled “*Legal Challenges relating to the Project*” in this Part V, on April 15, 2014, ADC-9 was suspended pursuant to a court order and is also the subject of a further legal challenge initiated by certain NGOs seeking its annulment.

### *Classification of Historical Monuments*

The central authority in the field of protection of cultural heritage in Romania is the Ministry of Culture. As regards to historical monuments and sites, Romanian legislation (Law 422/2001) provides for the establishment of a national inventory of classified cultural property, namely a ‘*historical monument list*’ (“List of Historical Monuments” or “**LHM**”), an official document maintained by the Romanian National Institute of Patrimony, part of the Ministry of Culture.

Archaeological sites regarded as being of national historic significance are included in the List of Historical Monuments (following classification), as well as in the National Archaeological Record Database (which includes archaeological sites irrespective of classification).

A List of Historical Monuments was approved by the Ministry of Culture (Order no. 2314/2004), and published in the Official Gazette, in 2004 (the “**2004 LHM**”). The 2004 LHM replaced the first List of Historical Monuments that was relevant for the Project, namely the 1992 LHM and constituted an update thereof. The 2004 LHM identified, amongst other historical monuments, several Roman age historical monuments within the perimeter of the Project, including a Roman settlement and mining exploitation within the Orlea area and the Roman era galleries of Piatra Corbului in the Cărnic Massif.

In 2010, the 2004 LHM was modified and updated by the Ministry of Culture and National Institute of Patrimony pursuant to Order no. 2361/2010 (the “**2010 LHM**”). The descriptions and addresses attributed to the historical monuments of Orlea and Cărnic under the 2004 LHM were altered significantly in the 2010 LHM. Whereas the 2004 LHM referenced Roman era settlement and mine workings only within the Orlea Massif, the 2010 LHM provided as the “address” of the historical monument the entire “locality” of Orlea with a 2km radius. In addition, the 2010 LHM expanded the description of the historical monuments within the Cărnic Massif to the entire area of Cărnic including the post-Roman era galleries.

Under Law no. 422/2001, a formal classification procedure must be followed by the competent authorities in order to assign historical monument status to, and/or to justify the extension of the protection regime applicable to, a particular site or monument. It is the Company’s understanding that between 2004 and 2010, no such classification procedures were performed to support the expanded localization or designation of the historical monuments of Orlea and Cărnic. Accordingly, the Company contested the validity of the 2010 LHM on the basis that it substantially extended (without legal justification) the protection regime applicable to certain monuments, as compared to the 2004 LHM, and requested the rectification by the National Institute of Patrimony and Ministry of Culture of the errors in the 2010 LHM, including by court action. RMGC’s legal applications challenging the validity of the 2010 LHM are further described in the section entitled “*Legal Proceedings relating to the List of Historical Monuments*” in this Part V.

On January 9, 2016, the then Minister of Culture, Vlad Alexandrescu, publicly announced (on Facebook) that he had executed a ministerial order on December 30, 2015 for the publication of a revised List of Historical Monuments pursuant to which the village of Roșia Montană and the surrounding area within a radius of 2km would be classified as a historical site of national importance (“**2015 LHM**”). On February 15, 2016, the order of the Minister of Culture was published in the Official Gazette adding, amongst other things, a new “address” of the historical site as an area with a radius of 2km around the village of Roșia Montană. Management considers that such revised List of Historical Monuments might be interpreted as further extending (without legal justification) the protection regime applicable to certain sites, as compared to the 2004 LHM, fails to take into account, and is inconsistent with, (i) the extensive programs of exploratory and preventative archaeology undertaken by RMGC together with Romanian authorities including the National Institute of Patrimony and financed solely by RMGC; and (ii) the ADCs issued to RMGC by the Romanian authorities to date.

### *Archaeology and Preservation of Cultural Heritage*

Over the years, the Company has undertaken and financed extensive programs of exploratory and preventative archaeology to identify and preserve sites and artifacts of historical importance in the Project and surrounding area. Such programs have also included the specialized design work undertaken for the repair and maintenance of houses, restoration of two iconic community buildings and previously unexplored old underground mining galleries, all located within, or close to, the historical center of the village of Roșia Montană. Furthermore, and in the event that the Project is permitted to proceed, the Company committed significant further resources to preserve important archeological areas that it previously opened and restored.

### ***UNESCO World Heritage List***

On February 18, 2016, the Ministry of Culture filed an application for inclusion of the “*Roșia Montană Mining Cultural Landscape*”, an area which includes the Project footprint, on Romania’s ‘Tentative List’ (described below), the first procedural step in view of having the site inscribed on the UNESCO World Heritage List.

To be included on the World Heritage List, sites must be of outstanding universal value and meet at least one out of ten selection criteria explained in the Operational Guidelines for the Implementation of the World Heritage Convention (the “**Operational Guidelines**”). The Operational Guidelines outline the nomination process through which a proposed site is to be considered for inscription on the World Heritage List. The nomination process is as follows:

- The first step a country must take is to make an ‘inventory’ of its important natural and cultural heritage sites located within its boundaries which it considers suitable for inscription on the World Heritage List. This ‘inventory’ is known as the Tentative List.
- The second step consists of the submission of a nomination file to the UNESCO World Heritage Centre.
- The third step involves an independent evaluation of the nominated sites by two advisory bodies mandated by the World Heritage Convention: the International Council on Monuments and Sites (known as ICOMOS) and the World Conservation Union.
- Once a site has been nominated and evaluated, it is up to the intergovernmental World Heritage Committee to make the final decision on its inscription. The World Heritage Committee meets once a year and can adopt one of four decisions: inscription, decision not to inscribe, referral of nomination, and deferral of nomination.

The annual meeting of UNESCO took place in Paris on October 24 to 26, 2016 where it was confirmed that the “*Rosia Montana Mining Cultural Landscape*” had been added to Romania’s Tentative List.

Notwithstanding statements by the outgoing Prime Minister, Dacian Cioloș, that the Government did not intend to send an official file to UNESCO, the departing Minister of Culture, Corina Suteu, issued an announcement on January 5, 2017 confirming that she had submitted the nomination file for the “*Roșia Montană Mining Cultural Landscape*” to the UNESCO World Heritage Centre on January 4, 2017.

## ***Surface Rights Acquisitions and Resettlement***

### *Surface Rights Acquisitions*

RMGC began the acquisition of surface rights in the Roșia Montană and Corna valleys in 2002. However, with the suspension of the EIA review process in September 2007, the surface rights purchase program at the Roșia Montană site was suspended in February 2008.

RMGC currently owns over 70% of the residential properties and approximately 60% of the land by area in the Project footprint, comprising the industrial zone, the protected area and a buffer zone.

RMGC has conducted a comprehensive community relations program in Roșia Montană and engaged in Project related discussions with a wide range of stakeholders across the region, including past and current homeowners affected by the Project. In addition to the remaining private properties yet to be acquired, if the Project is permitted to proceed, RMGC would need to secure rights over certain properties (approximately 16% of the surface area of the Project) which are owned by various institutions, including the local administrations of Roșia Montană and Abrud, as well as by State-owned mining companies, including the minority shareholder in RMGC, Minvest RM.

Whilst the Company had reason to believe it could acquire all necessary surface rights to facilitate the operation of the Project, the Company's ability to secure all surface rights within the Project footprint required for implementation of the Project were, and remain subject to a number of risk factors not within the Company's control.

### *Resettlement*

In 2003, RMGC prepared a resettlement and relocation action plan, which was updated in 2006, (the "RRAP") in accordance with relevant World Bank requirements and IFC Performance Standards regarding involuntary resettlement. RMGC further updated the RRAP to reflect changes in national legislation, World Bank guidelines, IFC Performance Standards, the views of the local communities and local developments. The RRAP is the document which details the procedures RMGC undertook to follow and the actions that it would take to mitigate adverse effects, compensate losses and provide development benefits to persons and communities affected by the development of the Project.

To provide resettlement options to families affected by the Project, and based upon the outcome of consultation with affected families in Roșia Montană, RMGC constructed a 22-hectare modern neighborhood, known as Recea, in close proximity to the county capital of Alba Iulia. This site features significantly improved infrastructure, reliable electricity and modern amenities, with design and layout based on community input.

In total RMGC constructed 137 houses at Recea, the majority of which were completed and transferred to resettled families in 2010. The Company also built a church and associated facilities at the Recea site.

## **Legal Challenges relating to the Project**

### ***General***

Over the years several foreign and domestically-funded NGOs have initiated legal challenges against local, regional and national Romanian authorities. The publicly stated objective of the NGOs in initiating and maintaining these legal challenges has been to use the Romanian court system to delay permitting approval of the Project as much as possible and ultimately to stop the development of the Project.

The following section provides a brief summary of the material pending legal actions relating to the Project. Reference is made to the section entitled “*Risk Factors – Legal Proceedings*” in Part VI. Further details of the material legal actions related to the Project which are no longer active have been reported in prior Annual Information Forms and Management, Discussion & Analysis of the Company, all of which can be obtained from SEDAR at [www.sedar.com](http://www.sedar.com).

### ***RMGC Withdrawal from Legal Proceedings***

Over a number of years, the Company, through RMGC, intervened, or sought to intervene, in all material cases brought against Romanian authorities involving matters pertinent to the Project such as the validity of permits or certificates. RMGC did so where it concluded that there was a need to ensure that the Romanian courts considering these actions were presented with a fair and balanced legal analysis as to why the various Romanian authorities’ actions were in accordance with the relevant and applicable laws.

During the course of 2015, Gabriel re-evaluated RMGC’s involvement in a number of litigation cases pending before the Romanian courts, in which RMGC was acting as either plaintiff, third party intervenor or defendant in respect of disputes concerning the administrative documents, permits and/or authorizations issued for the Project. After taking into account, amongst other matters, the continued failure of the Romanian authorities to address the Project, the Arbitration Request, the protracted and uncertain nature of the judicial process in Romania and the ongoing requirement for the Gabriel Group to reduce its cost base and mitigate its losses, Gabriel determined that RMGC should withdraw from a number of pending litigation cases, as described further below.

The majority of the legal proceedings from which RMGC has sought to withdraw concern the claims of third parties challenging administrative deeds issued by public authorities directly or indirectly related to the Project. RMGC appeared before the courts in these actions only as a third-party intervenor to support the position of the competent public authorities insofar as appropriate in view of the interests of RMGC as developer of the Project. Accordingly, the fact that RMGC will not continue as an intervenor will not, of itself, terminate the proceedings. The public authorities remain the defendant in those actions and as such remain bound to continue to defend their position.

### ***Legal Proceedings relating to the List of Historical Monuments***

Following protracted discussions with the Ministry of Culture as to the basis of the 2010 LHM, on December 10, 2014 RMGC initiated a legal action before the Bucharest Court of Appeal challenging the validity of the 2010 LHM, as approved by the Ministry of Culture and National Institute of Patrimony in 2010, and seeking its rectification. The action was undertaken on the basis that the 2010 LHM substantially extended (without legal justification) the protection regime applicable to certain monuments within the perimeter of the Project, as compared to the 2004 LHM.

While not an indication of its view of the strength or merits of the case, but for the reasons outlined above, on October 16, 2015, RMGC submitted a request to the Bucharest Court of Appeal for the withdrawal of its legal action. The National Institute of Patrimony, a respondent to the claim, did not consent to RMGC's withdrawal of the action. On March 15, 2016, the Bucharest Court of Appeal dismissed the claim for lack of object on the basis that the 2010 LHM had been superseded by the 2015 LHM.

Separately, in November 2014, RMGC raised a plea concerning the illegality of the 2010 LHM within the legal proceedings related to the SEA Endorsement (described in the section below). A separate case was constituted before Brasov Court of Appeal. The plea of illegality was dismissed on May 28, 2015 and RMGC initially appealed this decision before the High Court of Cassation and Justice. For the reasons described above (which are not related to the merits of the case), RMGC decided to withdraw its appeal, which the High Court of Cassation and Justice acknowledged on November 27, 2015.

### ***Legal Proceedings relating to the Archaeological Discharge Certificates***

Over the years, a number of ADCs granted to RMGC became the subject of legal actions initiated by NGOs.

On September 23, 2011, three NGOs filed separate requests with the Cluj Tribunal for the annulment and suspension of ADC-9, issued in respect of the Carnic Massif (underground). The claim for the suspension of ADC-9 was relocated, at the request of RMGC following indications of NGO bias within the Cluj judiciary, from the Cluj Tribunal to the Suceava Tribunal on October 31, 2013. On January 30, 2014 the Suceava Tribunal admitted the plaintiffs' request for the suspension of ADC-9. RMGC and others submitted an appeal against this decision to the Suceava Court of Appeal, but this appeal was rejected on April 15, 2014. The decision cannot be appealed further. It is the Company's understanding that the effect of the suspension of the ADC is temporary, pending the irrevocable conclusion of the separate legal action launched by NGOs seeking the annulment of ADC-9 (as described further below).

On November 5, 2013, the aforementioned claim for the annulment of ADC-9 was relocated, at the request of RMGC, from the Cluj Tribunal to the Buzau Tribunal. On February 17, 2015, the Buzau Tribunal decided to suspend the proceedings of the claim until a separate action initiated by RMGC before the Bucharest Court of Appeal challenging the validity of the 2010 LHM had been determined (as described above). On October 27, 2015, RMGC submitted a request to the Buzau Tribunal to withdraw as an intervening party from the legal proceedings pending before it. On September 13, 2016, the Buzau Tribunal determined that the proceedings in the case should recommence and subsequently accepted RMGC's request to withdraw from the proceedings. The next hearing is scheduled for April 27, 2017.

### ***Legal Proceedings relating to the SEA Endorsement***

On September 26, 2011, two NGOs filed a claim in the Cluj Tribunal seeking the annulment of the Strategic Environmental Assessment ("SEA") endorsement, which was issued by the Regional Agency for Environmental Protection of Sibiu in March 2011 in respect of the Industrial Area PUZ. The SEA is one of a number of endorsements required for the approval of the Industrial Area PUZ. On November 6, 2013, this claim was relocated, at the request of RMGC, from the Cluj Tribunal to the Covasna Tribunal.

On April 15, 2014, the Covasna Tribunal admitted the request for the annulment of the SEA. The ruling was appealed by RMGC, as an intervening party, and others to the Brasov Court of Appeal. At a hearing of the appeal on January 22, 2015, the proceedings were temporarily suspended pending the outcome of a plea of illegality initiated by RMGC against the 2010 LHM. The outcome of this plea is described above in the section entitled "*Legal Proceedings relating to the List of Historical Monuments*".

On October 21, 2015, RMGC submitted an application to withdraw, as an intervening party, from the appeal case pending before the Brasov Court of Appeal. The Brasov Court of Appeal ruled and, on March 10, 2016, rejected the appeal of the Environment Protection Agency Alba and the Environment Protection Agency Sibiu against the ruling of the Covasna Tribunal annulling the SEA. This decision is definitive and cannot be further appealed.

### ***Legal Proceedings relating to Local Council Decisions***

In July 2014, three NGOs submitted a claim to the Cluj Tribunal seeking the revocation of two decisions of the local council of Roșia Montană, namely LCDs 45 and 46/2002 (“**LCDs 45 and 46**”), which approved the PUG for Roșia Montană and the 2002 Industrial Area PUZ. In September 2015, an intervening party in the case submitted a request for recusal of the presiding judge due to concerns of potential bias. The presiding judge subsequently filed an abstention request to the Cluj Tribunal for the approval of her withdrawal from the case, which was accepted by the President of the Cluj Tribunal. On November 26, 2015, the Cluj Tribunal ordered the revocation of LCDs 45 and 46. On January 29, 2016, the local council of Roșia Montană submitted an appeal against the decision of the Cluj Tribunal. On May 9, 2016, the appeal was rejected by Cluj Court of Appeal, a decision which cannot be further appealed. The annulment of LCDs 45 and 46 brought about the invalidation of the urbanism documentations approved thereby, namely the 2002 Roșia Montană PUG and the 2002 Industrial Area PUZ.

### ***Legal Proceedings relating to Urbanism Certificates***

Since 2004, RMGC has obtained six separate urbanism certificates with respect to the Project (each of which were initially valid for a period of 24 months), the most recent being UC-98 which was issued on April 25, 2016 and replaced UC-47 on its expiry.

Notwithstanding the fact that urbanism certificates are solely informative deeds which do not qualify as an “administrative act” for the purposes of Romanian administrative law and, therefore, should not be the subject of administrative disputes (for annulment or suspension), all six of the urbanism certificates obtained in relation to the Project have been challenged in the Romanian courts by NGOs, amongst others.

On August 14, 2013, three NGOs initiated proceedings before the Cluj Tribunal seeking the annulment of UC-47. As with other claims before the Cluj Tribunal, RMGC submitted an application requesting the relocation of the annulment claim to an alternative Tribunal. On February 14, 2014, the Cluj Court of Appeal admitted RMGC’s application and relocated the claim to the Bistrita Tribunal. On May 28, 2015, the Bistrita Tribunal dismissed the claim seeking the annulment of UC-47. This decision was appealed by the NGOs to the Cluj Court of Appeal in September 2015. On January 18, 2016, the Cluj Court of Appeal admitted the appeal filed by the NGOs, quashed the decision of the Bistrita Tribunal and ordered that the file be returned to this court for a new judgement on the merits. On October 7, 2016, the Bistrita Tribunal admitted the claim for the annulment of UC-47, a decision which occurred after the expiry of UC-47 and which to date has not been appealed by the Alba County Council.

On October 18, 2016, the Prefect of Alba County Council initiated proceedings before the Alba Tribunal against RMGC and Alba County Council seeking the annulment of UC-98 due to the revocation of LCDs 45 and 46. On February 8, 2017, the Alba Tribunal rejected the claim for the annulment of UC-98, a decision which may be subject to appeal.

## ***Other Legal Proceedings relating to RMGC***

### *Recapitalization of RMGC*

Romanian Company Law requires a company to maintain a net asset value of not less than half of its share capital. Due to the repeated delays in the development of the Project and the continued funding of RMGC by the Gabriel Group by way of inter-company loans, RMGC has had to undertake adjustments to its share capital on a number of occasions in order to rectify the undercapitalizations identified by its audited financial statements.

Historically, the ratio between the net assets and share capital of RMGC has been rectified by either decreasing the share capital by an amount equivalent to the losses recorded by RMGC or by increasing the share capital by new contributions from the shareholders of RMGC, either in cash or in kind. Whilst decreasing the share capital is the simplest and preferred solution, it is not always a viable alternative, particularly where the maximum amount of the decrease is not sufficient to reinstate the balance with the value of the net assets.

Mandatory statutory share capital increases of RMGC, as required under Romanian company law, have been implemented in 2004, 2009 and 2013.

Pursuant to the recapitalizations undertaken in 2004 and 2009, Gabriel Resources (Jersey) Ltd., the direct majority shareholder of RMGC, advanced loans, totaling US\$39.5 million, to Minvest to facilitate its subscription for its allocation of shares in the capital of RMGC. These loans, which were taken over by Minvest RM, the successor of Minvest, and remain outstanding at December 31, 2016, are non-interest bearing and according to their terms are to be repaid when RMGC distributes dividends to its shareholders. The subscription to RMGC share capital by Gabriel Resources (Jersey) Ltd. has been effected through the capitalization of existing intercompany debt.

Whilst the 2013 subscription to RMGC share capital by Gabriel Resources (Jersey) Ltd. was again effected through a conversion of existing intercompany debt, on this occasion, Minvest RM failed to subscribe for its allocation of shares in the capital of RMGC and refused to accept a loan from Gabriel Resources (Jersey) Ltd. to fulfil its subscription obligations. In these circumstances, in January 2014, Gabriel Resources (Jersey) Ltd. agreed to transfer to Minvest RM, for nil consideration, a proportion of the shares subscribed by it in December 2013, with a face value of \$20.4 million, in order to preserve the shareholders' respective holdings in RMGC.

In 2015, the board of RMGC determined that RMGC would need to implement a mandatory share capital increase to address the undercapitalization identified by its 2014 audited financial statements which required a RON430 million (approximately \$143 million) increase in the share capital of RMGC.

Despite RMGC sending correspondence to Minvest RM and the Ministry of Economy, the Romanian State authority controlling the mandate of Minvest RM, on a number of occasions through 2016 and after convening several board and shareholder meetings to discuss the undercapitalization, Minvest RM again indicated to RMGC and Gabriel Resources (Jersey) Ltd. that it would not be willing to subscribe for its allocation of shares in the capital of RMGC or to accept a further loan from Gabriel Resources (Jersey) Ltd. to fulfil its subscription obligations.

On October 21, 2016, a general meeting of the shareholders of RMGC was convened to consider and, if considered appropriate, to approve an increase in the registered share capital of RMGC to address the undercapitalization identified in the 2014 audited financial statements of RMGC. At this meeting, the proposal to increase the share capital was approved by Gabriel Resources (Jersey) Ltd., however, Minvest RM, pursuant to a mandate from the Ministry of Economy, chose not to vote in favour or against the proposal.

On November 8, 2016, the Ministry of Economy, through Minvest RM, initiated legal proceedings against RMGC before the Alba Tribunal seeking the annulment of the decision of the shareholders meeting of RMGC held on October 21, 2016.

In light of the continued failure of the Ministry of Economy and Minvest RM to engage in consultations regarding the mandatory requirement to address the undercapitalization and the commencement of the legal proceedings against the shareholders' decision, Gabriel Resources (Jersey) Ltd. determined not to subscribe for the new shares to be issued pursuant to the shareholders' decision of October 21, 2016. In these circumstances, it is the Company's understanding that the aforementioned claim seeking the annulment of the shareholders' decision is moot. On March 15, 2017 the Alba Tribunal rejected the annulment claim, a decision which may be subject to appeal.

On March 14, 2017, a further general meeting of the shareholders of RMGC was convened to consider and to approve an increase in the registered share capital of RMGC to address the above-noted undercapitalization. This proposal was approved by Gabriel Resources (Jersey) Ltd. with Minvest RM once again choosing not to vote in favour or against the proposal.

#### *Kadok Investigation*

In November 2013, RMGC was informed of an investigation by the Ploiesti Public Prosecutor's Office ("PPPO") into alleged tax evasion and money laundering on the part of the principals/key shareholder(s) of a group of companies including Kadok Interpret LLC ("**Kadok Group**"). Pursuant to Ordinance No. 465/P/2013 of the PPPO, the PPPO subsequently extended its investigation of the Kadok Group to 90 other companies, including RMGC which had had a short-term commercial relationship with the Kadok Group in 2012.

In late 2013, and pending the outcome of the PPPO investigation, RMGC was the subject of a restriction order on \$0.3 million held in one of RMGC's Romanian bank accounts. RMGC challenged the legality of the restriction order, however such funds remain frozen.

It is the Company's understanding that following the indictment of the Kadok Group on March 7, 2014, the PPPO investigation was bifurcated and registered under a new case file for further investigation of RMGC and other companies for alleged tax evasion and accessory to money laundering. On March 25, 2014, RMGC filed a complaint with the PPPO seeking the annulment of the Ordinance No. 465/P/2013. The PPPO declined to annul such ordinance.

RMGC has cooperated fully with the PPPO and provided evidence to the PPPO of its legitimate business dealings with the Kadok Group, including evidence of the receipt of goods from the Kadok Group and the payment for such goods by RMGC.

## **PART VI RISK FACTORS**

**This section describes existing and future material risks to the business of the Gabriel Group. The risks described below are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Gabriel Group's business. The realization of any of these risks may materially and adversely affect the Gabriel Group's business, financial condition, results of operations and/or the market price of Gabriel's securities.**

### **Risks relating to the ICSID Arbitration**

As described in further detail in Part II, the Claimants filed the Arbitration Request against Romania on July 21, 2015.

Notwithstanding the issuance of the Arbitration Request, the Company will continue to seek a negotiated resolution with the Romanian Government to the Roşia Montană dispute. However, there is no certainty that the Government will be willing to engage with the Company in relation to its investments in Romania or the filing of the Arbitration Request. In the meantime, the Company's core focus is the advancement of the ICSID Arbitration.

The costs of pursuing the ICSID Arbitration are substantial and the amount of costs, fees and other expenses and commitments payable in connection with the ICSID Arbitration may differ materially from Management's expectations. Based on the case specific nature of arbitration, and the inherent uncertainty in the process, timing or outcome of the ICSID Arbitration under the Treaties, there can be no assurances that the ICSID Arbitration will advance in a customary manner or be completed or settled within any specific or reasonable period of time.

The Respondent will likely raise defenses to one or more of the Claimants' assertions of breaches of the Treaties. The Respondent's arguments are not yet known and it is possible that the Respondent will raise arguments that have not yet been anticipated by the Gabriel Group and could adversely influence the outcome of the ICSID Arbitration. There is no assurance that the Claimants will be successful in establishing Romania's liability in the ICSID Arbitration or, if successful, will collect an award of compensation from the Respondent in the amount requested or at all. Failure to prevail in the ICSID Arbitration and to obtain adequate compensation for the Gabriel Group's investment and loss of opportunity would materially adversely affect the Gabriel Group.

### **Risks relating to Financing of the Company**

#### ***Ability to Secure Additional Funding***

The Company has no commercial production and, as a result, it has not recorded revenue or cash flows from mining operations and continues to experience losses from operations, a trend the Company expects to continue, unless and until the dispute regarding the Project is resolved favourably to the Company.

The Company may need to raise additional funds to pursue the ICSID Arbitration to its conclusion, and for general working capital requirements.

Historically the Company has been financed through the issuance of Common Shares, other equity based securities and convertible debt. Although Gabriel has been successful in the past in obtaining financing, the Company has limited access to financial resources as a direct result of the dispute concerning the Project and the core focus upon the ICSID Arbitration. There is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all, as a consequence of the current status of the Project which has arisen solely due to the Government's conduct.

The Company has initiated a process to sell its long lead-time equipment held in storage which could, if completed, provide the Company with a reduced cost base and/or additional working capital. There are, however, no assurances regarding the success or otherwise of such a sale process or that any proceeds may be realized from the sale of equipment and the timing of the receipt of any such sales proceeds is also uncertain. In the meantime, the Company continues to incur holding costs for its long lead-time equipment, including storage, maintenance and insurance costs.

### ***Convertible Notes and Warrants***

The Company may need or desire to refinance all or a portion of the Convertible Notes issued pursuant to the 2014 Private Placement and the 2016 Private Placements or any other future indebtedness that it may incur on or before the maturity of the Convertible Notes. There can be no assurance that the Company will be able to refinance any of its indebtedness or incur additional indebtedness.

The conversion and/or exercise (as applicable) of the Company's outstanding Convertible Notes and Warrants could result in the issuance of a significant number of Common Shares causing significant dilution to the ownership of existing shareholders. Unless and until the Company successfully permits the Project or collects an arbitral award, if any, or acquires and/or develops other operating properties which provide positive cash flow, the Company's ability to meet its obligations as they fall due or redeem in whole or part or otherwise restructure the Convertible Notes will be limited to the Company's cash on hand and/or its ability to issue additional equity or debt securities in the future. Such transactions could potentially cause substantial dilution to the shareholders at that time.

### **Risks relating to the Business of the Gabriel Group**

#### ***Political and Economic Uncertainty in Romania***

All of Gabriel's operations, property rights and other interests are located in Romania. Accordingly, the Company's activities may be affected in varying degrees by political instability and Government regulations relating to, amongst other matters relevant to the Project, property ownership, industrial projects or the mining industry, and civil society influence thereon. Such affects could include cancellation or renegotiation of the terms and conditions of, or State participation in, mineral concessions and other contracts, changes in Romanian domestic laws or regulations, changes in tax laws, royalty and tax increases, restrictions on production, restrictions on the use of processing chemicals including reagents and cyanide, price controls, expropriation of property, fluctuations in foreign currency, foreign exchange controls, import and export regulations, restrictions on the export of gold, restrictions on the ability to repatriate earnings and pay dividends offshore, restrictions on the ability to hold foreign currencies in offshore bank accounts, environmental obligations and/or legislation, cultural heritage legislation and other protection measures, employment practices and mine safety.

In the event of a dispute arising in respect of the Company's activities in Romania (other than the ICSID Arbitration), the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or elsewhere. Any adverse or arbitrary decision of a court, arbitrator or other governmental or regulatory body may have a material adverse impact on the Company's business, assets, prospects, financial condition and results of operations and/or the market price of its securities.

### ***Permitting Process***

As described in the section entitled "*Permitting Process for the Project*" in Part V, Gabriel must obtain a number of Authorizations from various levels of local, county and national governmental authorities in order to proceed with the development, construction and operation of the Project and the development of its other mineral interests in Romania.

Delays in obtaining or a failure to obtain such Authorizations or extension thereto, challenges to the issuance of such Authorizations, whether successful or unsuccessful, changes to the terms of such Authorizations, or a failure to comply with the terms of any such Authorizations that the Company has obtained, could have a material adverse impact on the Company's business, financial condition and/or the market price of its securities.

### ***Acquisition of Surface Rights***

As described in the section entitled "*Permitting Process for the Project*" in Part V, Gabriel must acquire all necessary surface rights over the footprint of the new mine in order to apply for the requisite construction permits. Ultimately, the Company's ability to secure all necessary surface rights within the Project footprint will be subject to third party actions and a number of risk factors which are not within the Company's control.

### ***UNESCO World Heritage List***

As described in the section entitled "*UNESCO World Heritage List*" in Part V, the Ministry of Culture filed an application for inclusion of the "*Roşia Montană Mining Cultural Landscape*", an area which includes the Project footprint, on Romania's "Tentative List" in February 2016, the first procedural step in having the site inscribed on the UNESCO World Heritage List. Furthermore, on January 5, 2017, the then outgoing Minister of Culture confirmed that she had submitted the nomination file for the "*Roşia Montană Mining Cultural Landscape*" to the UNESCO World Heritage Centre on January 4, 2017. Whilst the Company believes such a nomination does not meet the published criteria for inscription, there can be no guarantee that Roşia Montană will not meet all necessary criteria or will not be added to the UNESCO World Heritage List. The inclusion of Roşia Montană on the UNESCO World Heritage List would be subject to a review process that may take several years, however, should such inclusion be realized it would have a material adverse impact on the Company's business, assets and financial condition as it would limit severely the terms upon which a possible amicable resolution of the dispute with the Government could be reached and/or the potential for the Project to gain the requisite Authorizations in the future.

### ***Mineral Tenure Rights***

As described in Part II, the License has an initial term of twenty years expiring in June 2019 with a right of renewal, as provided by the Mining Law, for successive five-year periods, subject to the approval of the NAMR upon receipt of the requisite application materials. Whilst the Company believes such an application process should be administrative only and capable of full realisation, there can be no assurance that the License will be extended subsequent to its initial term as contemplated by the License and Romanian law.

As described in Part II, RMGC submitted a timely application to the NAMR in May 2007 for the conversion of the Bucium Exploration License into two exploitation concessions. Again, whilst the Company believes such an application process should be administrative only and capable of full realisation, there is no guarantee that the Company will be successful in converting the Bucium Exploration License into exploitation concessions.

Over the years a number of NGOs have commenced and lost a number of legal actions seeking orders compelling the NAMR to annul the License. There can be no assurance that there will not be further legal challenges to the License or that such challenges will not be successful.

### ***Legal Proceedings***

As described in the section entitled “*Legal Challenges relating to the Project*” in Part V, Gabriel has been party (directly and through RMGC) to a number of legal challenges with respect to the development of the Project and, in the course of its business, may from time to time become involved in further claims, arbitration and other legal proceedings.

Due to the inherent uncertainties of the judicial process in Romania, the nature and results of any such legal proceedings cannot be predicted with certainty. Any current or potential future legal proceedings, are likely to be of a material nature. In addition, such claims, arbitration and other legal proceedings can be lengthy and involve the incurrence of substantial costs and resources by the Company, and the outcome, and the Company’s ability to enforce any ruling(s) obtained pursuant to such legal proceedings, are subject to inherent risks and uncertainty. The initiation, pursuit and/or outcome of any particular claim, arbitration or legal proceeding could have a material adverse effect on the Company’s financial position and results of operations, and on the Company’s business, assets and prospects. In addition, if the Company is unable to resolve any existing or future potential disputes and legal proceedings favourably, or obtain enforcement of any favourable ruling, if any, that may be so obtained, it is likely to have a material adverse impact on the Company’s business, financial condition and results of operations and the Company’s assets and prospects.

### ***Proposed Adverse Romanian Legislative Initiatives***

Since 2005, a number of private members’ bills have been introduced in the Parliament with the intent of preventing the development of the Project. In addition, and as described in the section entitled “*Permitting Process for the Project*” in Part V, past Romanian Governments have adopted ‘points of view’ which would frustrate and potentially prevent the development of the Project.

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 a direct or indirect adverse impact on the Project from an economic, permitting, development, construction or operations perspective. At this time, given the inherent unpredictability of the occurrence of such legislative bills or the outcome of subsequent Parliamentary review, the Company cannot predict the likelihood or adoption of future legislative initiatives designed to specifically target and prevent the development of the mining industry in Romania and/or the Project. There are risks that any such legislative initiatives will be passed by the Parliament and become law and any such passage could negatively impact Gabriel’s development plans, result in additional delays and expenses on its part, and possibly prevent the development of the Project.

### ***Minvest Mine Closure Plan***

In May 2006, Minvest permanently ceased all of its mining operations at Roșia Montană. As a result, a mine closure plan was developed, which, Gabriel understands, was approved by the Romanian Ministry of Economy and NAMR. The mine closure plan was developed to integrate into Gabriel's development plans for Roșia Montană in order to avoid any conflict between the Romanian State's closure activities and Gabriel's development activities. A state-owned company under the coordination of the Ministry of Economy, S.C. CONVERSMIN S.A., has responsibility for the mine closure plan.

There can be no assurance that the activities contemplated by such mine closure plan will be implemented in a timely fashion, and no such action has been undertaken to date. Until the mine closure plan has been fully implemented, there can be no assurance that such activities will not attract liability to RMGC, as the titleholder of the License, under the current or future laws, rules and regulations applicable to mining activities in Romania. Likewise, there can be no assurance that the legally binding assumption by the Romanian State-owned operator of all liabilities associated with its past mining operations and the indemnification of Gabriel from such liabilities will be fulfilled by, or be enforceable against, such entity.

### ***Dependence on Management and Key Personnel***

The Gabriel Group is dependent on a relatively small number of key directors, officers and employees. Loss of any one of those persons could have an adverse effect on it. Recruiting and retaining qualified personnel is critical to the Company's success. However, there can be no assurance that the Gabriel Group will be successful in attracting and/or retaining qualified personnel.

Furthermore, the loss of key employees, in particular those who possess important historical knowledge related to the Project which could be relevant to the ICSID Arbitration, could have a material adverse effect on future operations of the Gabriel Group.

### ***Compliance with Anti-Corruption Laws***

Gabriel is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian Corruption of Foreign Public Officials Act 1999 and the UK Bribery Act 2010. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. Gabriel's primary operations are located in Romania, a country which, according to Transparency International, is perceived as having fairly high levels of corruption relative to the rest of Europe (Romania ranks 57<sup>th</sup> out of 176 countries in terms of corruption, according to a 2016 index published by Transparency International). Gabriel cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which Gabriel's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose Gabriel and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect Gabriel's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by UK, Canadian or foreign authorities could also have an adverse impact on Gabriel's ability to develop the Project or its business, financial condition and results of operations.

As a consequence of these legal and regulatory requirements, Gabriel has instituted policies and procedures with regard to business ethics, which have been designed to ensure that Gabriel and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring Gabriel's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws and regulations.

### ***Insurance and Uninsurable Risks***

Gabriel maintains insurance to protect it against certain risks related to its operations in type and amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk, and based on mining industry norms and the advice of its retained insurance advisor. There are also risks against which the Company cannot insure or against which it may elect not to insure for various reasons. The potential costs associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future business, assets, prospects, financial condition and results of operations of the Company.

### ***Global Financial Condition***

Global economic and financial conditions may impact the ability of the Company to obtain loans, financing and other credit facilities in the future and, if obtained, on terms favourable to the Company. As a consequence, global financial conditions could adversely impact the Company's financial status and share price.

### ***Currency Fluctuations***

The Company's reporting currency is the Canadian dollar, which is exposed to fluctuations against other currencies. The Company's primary operations are located in the Romania and many of its expenditures and obligations are denominated in RON. In addition the Company has and/or will have expenditures and obligations denominated in other currencies including, but not limited to, Canadian dollars, US dollars, EUROS and United Kingdom pounds sterling ("GBP"). The Company maintains active cash accounts in Canadian dollars, US dollars, GBP and RON and has either monetary assets and/or liabilities in currencies including US dollars, Canadian dollars, EUROS, GBP and RON. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company does not currently use any derivative products to actively manage or mitigate any foreign exchange exposure.

### ***Market Price Volatility***

The market price of the Common Shares of the Company could fluctuate significantly based on a number of factors in addition to those listed in this document, including:

- the Company's operating performance and the performance of companies in the mining industry and other similar companies;
- reaction to the Company's press releases, other public announcements (made by the Company or other parties) related to the Project or events in Romania in general and the Company's filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track the Common Shares or the shares of other companies in the resource sector;
- changes in general economic conditions;

- significant global economic events;
- conversion of Convertible Notes or Warrants into Common Shares of the Company and/or the sale thereof; and
- acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Common Shares is affected by many variables not directly related to the Company's success and which are, therefore, not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Common Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares on the exchanges on which the Company trades has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future.

Ownership of the Common Shares is concentrated with a small number of shareholders, believed by Management to amount to in aggregate over 70% of the Common Shares in issue. Sales of substantial amounts of Common Shares in the public market by the Company's shareholders, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Common Shares and could impair the Company's ability to raise capital through the sale of additional equity or related securities.

#### ***Dilution***

As described above, the Company may need to raise additional funds to pursue the ICSID Arbitration to its conclusion and for general working capital requirements. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. If the Company raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. Sales of substantial amounts of Common Shares, or the availability of such Common Shares for sale, could adversely affect the prevailing market prices for the Company's securities. In addition, the conversion of the Company's outstanding Convertible Notes and/or exercise of existing Warrants could result in the issuance of a significant number of Common Shares causing significant dilution to the ownership of existing shareholders.

#### ***Enforcement of Civil Liabilities***

As substantially all of the assets of Gabriel and its subsidiaries are located outside of Canada, and certain of its directors and officers are resident outside of Canada, it may be difficult or impossible to enforce judgements granted by a court in Canada against the assets of Gabriel or its subsidiaries or its directors and officers residing outside of Canada.

#### ***No History of Earnings or Dividends***

The Company has no history of earnings and as such the Company has not paid dividends on its Common Shares since incorporation. The Company does not intend to declare or pay cash dividends at present.

### ***Accounting Policies and Internal Controls***

Since January 1, 2011, the Company has prepared its financial reports in accordance with International Financial Reporting Standards. In preparation of financial reports, Management of Gabriel may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

### ***Conflict of Interest***

Certain directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors may conflict with the interests of the Company. Directors of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

**PART VII  
CAPITAL STRUCTURE, DIVIDENDS, MARKET FOR SECURITIES  
AND PRIOR SALES**

**Description of Capital Structure**

*Share Capital*

*Authorized and Issued Shares*

The authorized capital of Gabriel consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares, issuable in series, of which 384,452,780 Common Shares and no preferred shares are issued and outstanding as at the date of this Annual Information Form.

*Common Shares*

The holders of Common Shares are entitled to one vote per Common Share at all meetings of shareholders of Gabriel, to receive dividends as and when declared by the directors, and to receive a pro rata share of the remaining property and assets of Gabriel in the event of liquidation, dissolution or winding up of Gabriel. The Common Shares have no pre-emptive, redemption, purchase or conversion rights. There are no sinking fund provisions in relation to the Common Shares and they are not liable to further calls or to assessment by Gabriel.

The Yukon Business Corporations Act (“YBCA”) provides that the rights and provisions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of shares of that class.

The maximum number of Common Shares which may be reserved for issuance under all share based compensation arrangements of the Company (including the Stock Option Plan, the DSU Plan and RSU Plan (as defined below)) shall not exceed 10% of the Common Shares of the Company issued and outstanding from time to time (“**Common Share Reserve Restriction**”).

*Preferred Shares*

The preferred shares as a class rank senior to the Common Shares as to the payment of dividends and the distribution of property and assets on the liquidation, dissolution or winding-up of Gabriel. Holders of preferred shares are not entitled to any voting rights as a class except as may be provided under the YBCA and except that the directors of Gabriel are empowered to attach to any series voting rights relating to the election of directors on a default in payment of dividends.

## *Other Securities*

### *Stock Options*

Gabriel's incentive stock option plan ("**Stock Option Plan**") provides that Gabriel's board of directors may grant to directors, officers, employees and consultants of the Gabriel Group incentive stock options ("**Stock Options**") to purchase from Gabriel a designated number of authorized but unissued Common Shares. The exercise price of the Incentive Stock Options equals the five-day volume weighted average closing price of the Common Shares on the TSX prior to the date of the option grant. The majority of Stock Options vest on specific performance milestones or over three years and are typically exercisable over five or ten years from the date of issuance.

The maximum number of Common Shares which may be reserved for issuance under the Stock Option Plan is governed solely by the Common Share Reserve Restriction. During the year ended December 31, 2016, a total of 4,961,334 Stock Options were granted by the Company as follows:

<b>Date of Grant</b>	<b>Number of Stock Options</b>	<b>Exercise Price per Stock Option</b>
August 11, 2016	525,000	\$0.65
October 3, 2016	61,334	\$0.63
December 14, 2016	4,375,000	\$0.43

An additional grant of 77,280 Stock Options was made on January 4, 2017 at a grant price of \$0.50 to certain non-executive directors of the Company in lieu of director fees for services in the fourth quarter of 2016. During the year ended December 31, 2016, 36,257 Stock Options were exercised by grant holders, and a further 3,908,333 Stock Options expired or were forfeited without being exercised.

As at March 28, 2017, a total of 26,809,857 Stock Options were held by the Gabriel Group's directors, officers, employees and consultants.

### *Deferred Share Units*

The Company's deferred share unit plan ("**DSU Plan**") provides that Gabriel's board of directors may permit directors and specified executive officers of the Gabriel Group to (i) elect to receive a portion of their compensation, including annual retainers or meeting fees, in the form of deferred share units ("**DSUs**") in lieu of cash or (ii) receive DSUs otherwise from time to time in an amount as determined by the directors or a committee thereof in its sole discretion.

A fixed maximum of 5,000,000 DSUs may be issued under the DSU Plan, each DSU equivalent in value to one Common Share. Under the DSU Plan, DSUs are issued to the recipient based upon the value of the underlying Common Shares at the date of grant. Upon retirement from the Board or cessation of employment, the recipient's DSUs are redeemed for cash based upon the then current price of the underlying Common Shares or, at the Board's discretion, for Common Shares.

During the year ended December 31, 2016, a total of 701,309 DSUs were issued by the Company as follows:

<b>Date of Grant</b>	<b>Number of DSUs</b>	<b>Grant Price per DSU</b>
January 5, 2016	560,000	\$0.14
August 11, 2016	80,000	\$0.65
October 3, 2016	61,309	\$0.63

An additional grant of 72,625 DSUs was made on January 4, 2017 at a grant price of \$0.50 to certain non-executive directors of the Company in lieu of director fees for services in the fourth quarter of 2016. During the year ended December 31, 2016, 256,000 DSUs were redeemed by an outgoing non-executive director.

As of March 28, 2017, a total of 2,357,738 DSUs have been granted by Gabriel and remained capable of redemption by certain of its directors and officers. Taking into account prior settlement or forfeiture of DSUs issued under the DSU Plan, there remain 943,297 DSUs issuable at that date.

#### *Restricted Share Units*

Gabriel's restricted share unit plan ("**RSU Plan**") provides that Gabriel's board of directors may grant to directors, officers, employees and consultants of the Gabriel Group, compensation, including retainers, fees or employment earnings or bonuses, in the form of restricted share units representing Common Shares ("**RSUs**") in lieu of cash.

A maximum of 2,500,000 RSUs may be issued under the RSU Plan, each RSU equivalent in value to one Common Share. The maximum number of RSUs issuable is restored to the extent that RSUs previously issued expire or are settled, cancelled or forfeited and such restoration is limited by the Common Share Reserve Restriction. RSUs are issued under the RSU Plan to the recipients based upon the value of the underlying Common Shares at the date of grant. RSUs may have a term of up to five years and vesting conditions at the discretion of the board of directors, set at the date of the grant. Upon vesting, the recipient's RSUs must be settled for an equivalent number of Common Shares and/or cash (based upon the then current price of the underlying Common Shares) within ninety (90) days.

During the year ended December 31, 2016, no RSUs were issued by the Company. During the year ended December 31, 2016, 207,435 RSUs were settled for cash at an average price of \$0.21.

As of March 28, 2017, no RSUs were held by any of the Gabriel Group's directors, officers, and employees.

#### *Convertible Notes*

Pursuant to the private placements completed by the Company during the course of 2014 and 2016, the Company has issued in aggregate \$95,625,000 of 0.025% convertible, subordinated, unsecured notes (the "**Convertible Notes**").

The Convertible Notes, which mature on June 30, 2021, have a face value of \$1,000, each bearing interest of 0.025% per annum, payable annually. Every \$1,000 principal amount of the Convertible Notes is convertible at any time prior to maturity, at the option of the holder, into Common Shares at a price of \$0.3105 per Common Share. At maturity, the Company has the ability to repay the Convertible Notes through issuing Common Shares.

Reference is made to the section entitled "*Risk Factors – Convertible Notes*" in Part VI.

#### *Arbitration Value Rights*

Pursuant to the private placements completed by the Company during the course of 2014 and 2016, the Company has issued in aggregate 95,625 Arbitration Value Rights.

The Arbitration Value Rights issued by the Company pursuant to the 2014 Private Placement and May 2016 Private Placement entitle the holders, subject to certain limitations and exclusions, to a pro-rata share of 7.5% of any proceeds arising from the ICSID Arbitration, subject to a maximum aggregate entitlement of \$175 million among all holders of AVRs issued by the Company pursuant to such private placements.

The Arbitration Value Rights issued by the Company pursuant to the July 2016 Private Placement entitle the holders, subject to certain limitations and exclusions, to a pro-rata share of 5.54% of any proceeds arising from the ICSID Arbitration, subject to a maximum aggregate entitlement of \$129.3 million among all holders of AVRs issued by the Company pursuant to such private placement.

### *Warrants*

Pursuant to the private placements completed by the Company during the course of 2014 and 2016, the Company has issued in aggregate 111,536,250 warrants, each warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.46 at any time prior to June 30, 2021.

### **Dividends**

Gabriel has not paid any dividends on its Common Shares since its incorporation, nor has it any present intention of paying dividends for the foreseeable future.

### **Market for Securities**

Gabriel's Common Shares are listed and posted for trading on the TSX under the symbol GBU. Gabriel's Common Shares were listed on the TSX on September 29, 2000. The following table sets forth the high and low sales prices and volume of trading of the Common Shares of Gabriel on the TSX for the most recently completed financial year.

<b>Month – 2016</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January	0.22	0.14	1,616,900
February	0.26	0.20	3,090,000
March	0.26	0.18	4,147,200
April	0.22	0.17	4,735,200
May	0.25	0.19	2,685,600
June	0.47	0.24	4,246,600
July	0.74	0.48	6,762,700
August	0.68	0.60	2,141,300
September	0.67	0.61	2,686,100
October	0.63	0.56	2,824,200
November	0.61	0.38	738,900
December	0.53	0.34	1,301,900

Save as disclosed in this Annual Information Form, no other securities of Gabriel were issued during 2016.

**PART VIII  
DIRECTORS AND OFFICERS**

**Name, Occupation and Security Holding**

The following table sets out the name, municipality of residence, position held with the Company and principal occupation for the past five years of each of the directors and executive officers of the Company. The note to the table discloses the members of each committee of the Board.

<b>Name and Municipality of Residence</b>	<b>Principal Occupations During Past Five Years</b>	<b>Position with Company</b>
Richard Brown Newbury, Berkshire UK	Richard Brown is the Chief Commercial Officer and Corporate Secretary of Gabriel with responsibility for its commercial operations and regulatory compliance. Mr. Brown joined Gabriel in March 2011 following over 18 years in corporate advisory positions specialising in public company mandates, capital markets and regulatory advice, notably at the London Stock Exchange, KPMG and more recently the mining focused investment bank, Ambrian Partners Limited, where he was Head of Corporate Finance for 4 years and thereafter the Chief Operating Officer.	Chief Commercial Officer since March 9, 2011 and Corporate Secretary since June 16, 2011
Dag Cramer London, UK	Dag Cramer is the CEO of Lansdell Partners, a company providing financial advisory services. Prior to joining Lansdell in 2003, he worked for Anglo American PLC as a management trainee commencing in 1989 followed by three years as executive assistant to the Deputy Chairman and CFO. His subsequent senior roles within that group included responsibility for the group's treasury operations as well as its investment activities and risk management activities after its listing in London. Mr. Cramer is currently a director of several private and unlisted public companies including BSG Capital Markets PCC Limited and BSG Resources Limited.	Director since June 21, 2012

<b>Name and Municipality of Residence</b>	<b>Principal Occupations During Past Five Years</b>	<b>Position with Company</b>
Dr. Alfred Gusenbauer <sup>2)</sup> Vienna, Austria	Dr. Alfred Gusenbauer is the former Federal Chancellor of Austria and was a member of the European Council. Dr. Gusenbauer holds a PhD in political science from the University of Vienna. In addition to a long career in politics in Austria and Europe, he also works in academia as a Professor-at-Large at Brown University and is a Visiting Professor at the Institute for Global Law and Policy at Harvard University. Dr. Gusenbauer is currently the CEO of Gusenbauer Projektentwicklung and Beteiligung GmbH and Chairman of STRABAG SE, Signa Prime Selection AG and Cudos Capital AG.	Director since June 18, 2010
Jonathan Henry Basingstoke, Hampshire UK	Jonathan Henry is the President and Chief Executive Officer of Gabriel. Mr. Henry has over 20 years' experience in the mining industry successfully executing on exploration, development, operational and M&A activities. Formerly, Mr. Henry was the CEO of Avocet Mining, a London listed gold mining company with assets in West Africa and formerly in South East Asia. Mr. Henry served as Avocet's Finance Director from 2002 until becoming the CEO in 2006, a position he held until May 31, 2010. Mr. Henry is also a non-executive director of Ormonde Mining plc, an AIM listed tungsten development company with assets in Spain, and a non-executive director of Ashanti Gold Corp., a TSX Venture-listed gold-focused exploration and development company with projects in Ghana and Mali.	President and Chief Executive Officer since June 7, 2010 and Director since June 1, 2010
Keith R. Hulley Laguna Beach, California USA	Keith Hulley is the current Chairman of the Board of Gabriel, is the former Interim CEO of Gabriel and has been a member of the Board since 2006. Previously, Mr Hulley served seven years successively as President, Chief Executive Officer and Executive Chairman of Apex Silver Mines before retiring in 2009. Mr. Hulley has more than 50 years of experience in the mining business which, in addition to the above, includes board and senior executive experience at Western Mining Holdings Limited Corp., and former directorships at Luna Gold Corp., Red Tiger Mining Inc. and Ecometals Limited.	Director since February 13, 2006

<b>Name and Municipality of Residence</b>	<b>Principal Occupations During Past Five Years</b>	<b>Position with Company</b>
David Kay New York USA	Mr. Kay is a partner and the portfolio manager of the Tenor International & Commercial Arbitration Fund. Mr. Kay joined Tenor in 2009. Previously, Mr. Kay was an investment banker at Jefferies & Company and an attorney at Akin Gump Strauss Hauer & Feld LLP. Mr. Kay currently serves on multiple boards for companies in the mineral, mining and energy industries.	Director since July 29, 2016
Wayne Kirk <sup>(1)(2)</sup> Orcas, Washington USA	Wayne Kirk has over 35 years of experience as a corporate attorney, including nine years' experience as Vice President, General Counsel and Corporate Secretary of Homestake Mining Company, and over 12 years of experience as a director of publicly held companies. Mr. Kirk is also a director and Chairman of the Corporate Governance and Nominating Committee of Wellgreen Platinum Ltd. and a director and Chairman of the Corporate Governance and Nominating Committee and Compensation Committee of Electrum Ltd., a privately-held gold exploration company, and a director and Chairman of the Compensation and Nominating Committee of Sunshine Silver Mining & Refining Corporation, a privately held silver exploration and development company. Mr. Kirk holds a law degree from Harvard University and has been a member of the California Bar since 1969.	Director since June 19, 2008

<b>Name and Municipality of Residence</b>	<b>Principal Occupations During Past Five Years</b>	<b>Position with Company</b>
William Natbony <sup>(1)</sup> New York, New York USA	William Natbony is the CEO and Executive Chairman of Tigris Group Inc., a diversified family office focused on natural resource investments, and serves as an officer or trustee of various of its affiliated entities. Prior to joining Tigris, Mr. Natbony was a senior partner at the international law firm of Katten Muchin Rosenman LLP and was listed in Leading Lawyers in America, New York Super Lawyers and Best Lawyers in America. Mr. Natbony currently holds directorships at Electrum Ltd., a privately-held gold exploration company, Sunshine Silver Mining & Refining Corporation, a privately-held silver exploration and development company, and The Electrum Group Ltd. and certain of its subsidiaries, a natural resources private investment company. Mr. Natbony also serves on the Boards of Directors of Panthera Corp. and the Oriante Society, charities that support wildlife conservation. Mr. Natbony holds a J.D. and an LL.M. (in Taxation) from New York University and has been a member of the New York Bar since 1976.	Director since June 28, 2016
David Peat <sup>(1)</sup> Fernandina Beach, Florida, USA	David Peat has over 30 years of experience in financial leadership in support of mining companies. He is a director and Chairman of the Audit Committee of Electrum Special Acquisition Corporation, and a director and Chairman of the Audit Committee of Sunshine Silver Mining & Refining Corporation, a privately held silver exploration and development company. Mr. Peat was Vice President and Chief Financial Officer of Frontera Copper Corporation from 2006 through 2009, Vice President and Global Controller of Newmont Mining Corporation from 2002 through 2004, and Vice President of Finance and Chief Financial Officer of Homestake Mining Company from 1999 through 2002. Mr. Peat received a Bachelor of Commerce, Honours in Business Administration from the University of Windsor in 1976 and a Bachelor of Arts, Economics from the University of Western Ontario in 1975. Mr. Peat has been a member of the Chartered Professional Accountants of Ontario (formerly known as the Institute of Chartered Accountants of Ontario) since 1978.	Director since June 1, 2010

<b>Name and Municipality of Residence</b>	<b>Principal Occupations During Past Five Years</b>	<b>Position with Company</b>
Walter Segsworth <sup>(2)</sup> West Vancouver, British Columbia, Canada	Walter Segsworth has over 40 years of experience in mining in Canada and overseas and has served as a senior officer of several mining companies including Westmin Resources, where he was President and CEO, and Homestake Mining Company, where he was President and COO. Mr. Segsworth is currently lead independent director of Pan American Silver, and a director of Sabina Gold & Silver Corporation and Happy Creek Minerals Ltd. Mr. Segsworth is past Chairman of both the Mining Associations of British Columbia (BC) and Canada and was named BC's Mining Person of the year in 1996. He received his bachelor of science in mining engineering from Michigan Technological University.	Director since June 1, 2010
Max Vaughan Quarndon, Derbyshire UK	Max Vaughan is the Chief Financial Officer of Gabriel. Prior to joining Gabriel, Mr. Vaughan spent 13 years in financial advisory and investment banking focused exclusively on the mining and metals sector. Mr. Vaughan was Managing Director of Ogmores Capital from 2009, a mining and metals financial advisory business, and prior to this was Managing Director at RBS Global Banking & Markets specialising in structured finance. Mr. Vaughan is a member of the Institute of Chartered Accountants in England and Wales and holds an MBA from London Business School.	Chief Financial Officer since March 9, 2011

The information as to residence and principal occupation(s) is based on information furnished to the Company by the respective directors and executive officers.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of Corporate Governance and Compensation Committee.

Other than Mr. Kay, each of the directors of Gabriel has been a director since the last annual meeting of Gabriel. All of the directors' respective terms will expire at the next annual general meeting of Gabriel.

As of March 28, 2017, directors and executive officers of Gabriel own or control approximately 75,603 Common Shares representing approximately 0.02% of the issued and outstanding Common Shares.

## Cease Trade Orders, Bankruptcies, Penalties and Sanctions

### *General*

To Gabriel's knowledge and except as disclosed below, no director is or has been in the last ten (10) years a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the nominee was acting in that capacity, or (b) was subject to an order that was issued after the nominee ceased to act in that capacity and which resulted from an event that occurred while that person was acting in that capacity. For the purposes of the foregoing, "order" means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, which was in effect for a period of more than 30 consecutive days

To Gabriel's knowledge and except as disclosed below, no director: (a) is or has been in the last ten (10) years a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has in the last ten (10) years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### *Specific Disclosures*

Mr. Hulley, the Chairman of the Board, was a director and Chairman of Apex Silver Mines Limited ("**Apex**") from October 2004 until March 2009, and on January 12, 2009 Apex filed a voluntary petition for reorganization relief under the United States Bankruptcy Code. On March 24, 2009 the Joint Plan of Reorganization filed by Apex and its wholly owned subsidiary became effective and Apex emerged from its reorganization proceedings.

On May 12, 2010, Century Mining Corp. ("**CMC**") (TSX-V: CMM), of which Mr. Hulley was a director until January 3, 2011, was issued with a cease trade order ("**CTO**") as a consequence of failing to file its audited financial statements for the year ended December 31, 2009 within the time periods prescribed by applicable securities laws. CMC's audited financial statements for the year ended December 31, 2009 were subsequently filed and trading of CMC shares resumed on May 25, 2010.

Mr. Hulley was a director of Ecometals Limited ("**Ecometals**"), a company formerly listed on the TSX Venture Exchange, which was operating under a CTO, issued by the British Columbia Securities Commission on October 2, 2013. The CTO was issued against Ecometals for failing to file its audited financial statements for the year ended March 31, 2013 and subsequent financial statements, due to insufficient funds to commission its external auditors.

Mr. Kirk was a director of Great Basin Gold Ltd. ("**GBG**") until he resigned such directorship in January 2012. In September, 2012, GBG filed for creditor protection under the Companies' Creditors Arrangement Act in Canada. GBG's principal South African subsidiary, Southgold Exploration (Pty) Ltd., also filed for protection under the South African Companies Act business rescue procedures. GBG's subsidiary Rodeo Creek Gold Inc., and certain of its affiliates, entered US Bankruptcy Code Chapter 11 restructuring proceedings in Nevada in February 2013. GBG subsequently delisted its securities from the TSX, Johannesburg Stock Exchange and NYSE MKT.

Mr. Kay has been a director of Crystallex International Corporation (“**Crystallex**”), a company formerly listed on the TSX and the NYSE AMEX, since June 2012. On December 23, 2011, Crystallex voluntarily applied for and obtained an order (“**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) granting protection under the Companies’ Creditors Arrangement Act (CCAA). Crystallex sought protection under the CCAA as it was unable to pay \$100,000,000 of senior unsecured notes which became due on December 23, 2011. On December 28, 2011, Crystallex obtained an order under Chapter 15 of the United States Bankruptcy Code from the United States Bankruptcy Court for the District of Delaware. The Initial Order provided for a general stay of proceedings for an initial period of 30 days and has been subsequently extended several times.

On April 13, 2012, the Ontario Securities Commission issued a CTO against Crystallex under National Policy 12-203 for failing to file its audited financial statements and other annual disclosure documents, required by Canadian securities laws in respect of Crystallex’s financial year ended December 31, 2011, by March 30, 2012.

On December 12, 2012, the Division of Enforcement of the U.S. Securities and Exchange Commission (the “**SEC**”) advised Crystallex that it was reviewing the Crystallex’s registration in view of the Crystallex’s failure to comply with the timelines for certain of its filings under the Securities Exchange Act of 1934 (“**Securities Act**”). Crystallex subsequently reached a settlement with the SEC on May 1, 2013 consenting to the revocation of its registration under the Securities Act.

The foregoing information, not being within the knowledge of Gabriel, has been furnished by the respective directors and executive officers of Gabriel individually as of March 28, 2017.

### **Conflicts of Interest**

Gabriel’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which Gabriel may participate, the directors of Gabriel may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of Gabriel’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In accordance with the laws of the Yukon Territory, the directors of Gabriel are required to act honestly, in good faith and in the best interests of Gabriel. In determining whether or not Gabriel will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Gabriel may be exposed and its financial position at that time.

The directors and officers of Gabriel are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and Gabriel will rely upon such laws in respect of any directors’ and officers’ conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the YBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of Gabriel are not aware of any such conflicts of interests.

## **PART IX AUDIT COMMITTEE**

### **Audit Committee Charter**

A copy of the Audit Committee Charter is attached as a Schedule to this Annual Information Form.

### **Membership and Experience**

The Audit Committee presently consists of three directors, Mr. Peat, Mr. Kirk and Mr. Natbony, each of whom is independent in accordance with the definition of independence of National Instrument 52-110 and is financially literate.

Mr. Peat, the Chairman of the Audit Committee, has over 30 years of experience in financial leadership in support of mining companies. He is a director and Chairman of the Audit Committee of Electrum Special Acquisition Corporation, and a director and Chairman of the Audit Committee of Sunshine Silver Mining & Refining Corporation, a privately held silver exploration and development company. Mr. Peat was Vice President and Chief Financial Officer of Frontera Copper Corporation from 2006 through 2009, Vice President and Global Controller of Newmont Mining Corporation from 2002 through 2004, and Vice President of Finance and Chief Financial Officer of Homestake Mining Company from 1999 through 2002. Mr. Peat received a Bachelor of Commerce, Honours in Business Administration from the University of Windsor in 1976 and a Bachelor of Arts, Economics from the University of Western Ontario in 1975. Mr. Peat has been a member of the Chartered Professional Accountants of Ontario (formerly known as the Institute of Chartered Accountants of Ontario) since 1978.

Mr. Kirk, a member of the Audit Committee, has over 35 years of experience as a corporate attorney, including nine years' experience as Vice President, General Counsel and Corporate Secretary of Homestake Mining Company, and over 12 years of experience as a director of publicly held companies, including services as a member of the audit committee of such companies. Mr. Kirk is also a director and Chairman of the Corporate Governance and Nominating Committee and Compensation Committee of Electrum Ltd., a privately-held gold exploration company, and a director and Chairman of the Compensation and Nominating Committee of Sunshine Silver Mining & Refining Corporation, a privately held silver exploration and development company. Mr. Kirk holds a law degree from Harvard University and has been a member of the California Bar since 1969.

Mr. Natbony, a member of the Audit Committee, is the CEO and Executive Chairman of Tigris Group Inc., a diversified family office focused on natural resource investments, and serves as an officer or trustee of various of its affiliated entities. Prior to joining Tigris, Mr. Natbony was a senior partner at the international law firm of Katten Muchin Rosenman LLP and was listed in Leading Lawyers in America, New York Super Lawyers and Best Lawyers in America. Mr. Natbony currently holds directorships at Electrum Ltd., a privately-held gold exploration company, Sunshine Silver Mining & Refining Corporation, a privately-held silver exploration and development company, and The Electrum Group Ltd. and certain of its subsidiaries, a natural resources private investment company. Mr. Natbony also serves on the Boards of Directors of Panthera Corp. and the Orianna Society, charities that support wildlife conservation. Mr. Natbony holds a J.D. and an LL.M. (in Taxation) from New York University and has been a member of the New York Bar since 1976.

## Audit Committee Policies and Procedures

### *Pre-Approval Policies & Procedures*

The Audit Committee is responsible for the pre-approval of all audit, audit-related and non-audit services provided by the independent auditor. The Chairman of the Audit Committee is responsible for proper implementation of and compliance with this policy. The Audit Committee has delegated to the Chairman the authority to pre-approve all services not previously approved, up to \$25,000 and to report these to the Audit Committee as a whole at the next Audit Committee meeting.

### *External Auditors Service Fees*

All fees billed by PricewaterhouseCoopers LLP (“**Auditors**”) Gabriel’s external auditors, during the two most recently completed financial years are as follows:

	Year ended December 31, 2016	Year ended December 31, 2015
<b>Audit Fees</b>		
PricewaterhouseCoopers LLP	\$172,000	\$148,000
<b>Audit-Related Fees</b>		
PricewaterhouseCoopers LLP	\$75,000	\$80,000
<b>Tax and Other Fees</b>		
PricewaterhouseCoopers LLP	\$6,500	\$7,000
<b>All Other Fees</b>		
PricewaterhouseCoopers LLP	\$4,000	\$3,000
<b>Total</b>		
PricewaterhouseCoopers LLP	<b>\$257,500</b>	<b>\$238,000</b>

**Audit Fees:** All services performed by the Auditors in connection with the review of annual consolidated financial statements of Gabriel, including services performed to comply with International Financial Reporting Standards (“**IFRS**”).

**Audit Related Fees:** All services performed by the Auditors in connection with: (i) the review of quarterly financial statements and Management discussion and analysis (“**MD&A**”) in accordance with generally accepted standards for a review; (ii) review of annual financial statements of Gabriel’s wholly or majority owned, offshore subsidiaries; (iv) internal control reviews; and (v) such other services as may be designated by the Committee from time to time as Audit Related Services.

**Tax and Other Fees:** All services performed by the Auditors which are not Audit Services or Audit Related Services including, without limitation: (i) services in connection with tax planning, compliance and advice; and (ii) such other services as may be designated by the Committee from time to time as Tax and Other Services.

**All Other Fees:** All other services performed by the Auditors.

## **PART X ADDITIONAL INFORMATION**

### **Legal Proceedings and Regulatory Actions**

Save as set out in this Annual Information Form and to the knowledge of Gabriel, there are currently no outstanding material legal or regulatory proceedings involving Gabriel.

In addition, there were no: (i) penalties or sanctions imposed against Gabriel by a court relating to securities legislation or by a securities regulatory authority during Gabriel's most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against Gabriel that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements Gabriel entered into with a court relating to securities legislation or with a securities regulatory authority during our most recently completed financial year.

### **Interests of Management and Others in Material Transactions**

Save as disclosed in this Annual Information Form, no director, officer or shareholder who beneficially owns, controls or directs, either directly or indirectly, more than 10% of the Common Shares of Gabriel, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction, which in either case has materially affected or would materially affect Gabriel, during the three most recently completed financial years or during the current financial year.

### **Transfer Agents and Registrars**

The transfer agent and registrar for the Common Shares of Gabriel is Computershare Investor Services Inc. at its principal offices in Toronto at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1.

### **Material Contracts**

Except for contracts entered into in the ordinary course of business, Gabriel has not entered into any material contracts during the most recently completed financial year, or before the most recently completed financial year and which are still in full force and effect.

### **Interests of Experts**

PricewaterhouseCoopers LLP ("PWC"), Chartered Professional Accountants, are Gabriel's auditors and such firm has prepared an opinion with respect to Gabriel's financial statements as at and for the financial year ended December 31, 2016. PWC have reported that they are independent of Gabriel in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

As described above, an NI 43-101 Technical Report dated October 1, 2012 was prepared by SRK on the Project.

As of the date hereof, each of the aforementioned companies, and all directors, officers, partners and employees thereof, beneficially own, respectively, directly or indirectly, less than 1% of the securities of Gabriel and its associates and affiliates. In addition, no other director, officer, partner or employee of any of the aforementioned companies is currently expected to be elected, appointed or employed as a director, officer or employee of Gabriel or of any associates or affiliates of Gabriel.

Neither SRK nor any of its directors or employees involved the work undertaken by SRK own any interest in Gabriel and its associates and affiliates.

**Availability of Additional Information**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Gabriel's securities, securities authorized for issuance under security based compensation plans and interests of insiders in material transactions, where applicable, is contained in Gabriel's Management Information Circular in respect of its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is available in Gabriel's audited consolidated financial statements, together with the auditors' report thereon, and Gabriel's Management discussion and analysis for its most recently completed financial year.

A copy of this Annual Information Form, Gabriel's Management Information Circular for its most recent annual or special meeting, Management discussion and analysis and the financial statements (including any interim statements from the past financial year) may be obtained upon request made to the Corporate Secretary of Gabriel. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of Gabriel. These documents are also available free of charge through the SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.gabrielresources.com](http://www.gabrielresources.com).

**PART XI  
GLOSSARY OF MINING TERMS**

The following is a glossary of certain mining terms used in this Annual Information Form.

<b>adit</b>	A horizontal or nearly horizontal tunnel driven from the surface to access a mine.
<b>Ag</b>	The symbol for silver ( <i>Argentium</i> ) on the Periodic Table.
<b>Au</b>	The symbol for gold ( <i>Aurum</i> ) on the Periodic Table.
<b>ball milling</b>	Utilization of a steel cylinder filled with steel balls into which crushed ore is fed. The ball mill is rotated, causing the balls to cascade and grind the ore.
<b>breccia</b>	A coarse grained rock composed of angular broken fragments held together by mineral cement or in a fine-grained matrix.
<b>colluvial</b>	A loose deposit of rock debris accumulated through the action of rainwash or gravity at the base of a gently sloping cliff or hill.
<b>Cretaceous</b>	The period of geological time from 142 to 65.5 million years ago which marks the end of the Mesozoic era.
<b>cross-cut</b>	A horizontally driven tunnel that cuts across the strike of the mineralisation.
<b>dacite</b>	A fine-grained extrusive volcanic rock, usually light grey in appearance.
<b>deposit</b>	A natural occurrence of a useful mineral, in sufficient extent and degree of concentration to invite exploitation.
<b>diamond drilling (DD)</b>	A rock drilling method using a rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a circular channel around a core which can be recovered to provide a more or less continuous and complete columnar sample of the rock penetrated.
<b>drive</b>	A horizontal or inclined tunnel which is parallel to the strike of the mineralisation.
<b>electrowinning</b>	A process of recovering gold from solution by means of electrolytic chemical reaction.
<b>elution</b>	The process of extracting one material from another by washing with a solvent to remove adsorbed material from an adsorbent.
<b>EPCM</b>	Engineering, Procurement, Construction, Management.
<b>epithermal</b>	Primary vein-like deposits formed at shallow depths from the circulation of mineral rich warm solutions.
<b>g/t</b>	Grams per tonne.
<b>grade</b>	The relative quantity or the percentage of mineral or metal content in a deposit.

<b>hydrothermal</b>	A term pertaining to hot water, especially with respect to its action in dissolving and re-depositing minerals within the Earth's crust.
<b>Indicated Mineral Resource</b>	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
<b>Inferred Mineral Resource</b>	That part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
<b>intrusive</b>	A body of igneous rock formed by magma penetrating or intruding into or between other rocks, but solidifying before reaching the surface.
<b>kriging</b>	A geostatistical technique used in the estimation of mineral resources that enables the estimation of the values of spatially distributed variables such as grade and the probable error associated with the estimates. The method recognizes that samples are not independent and that spatial continuity between samples exists.
<b>masl</b>	Metres above sea level.
<b>Measured Mineral Resource</b>	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
<b>Mesozoic</b>	The period of geological time from 250 to 65.5 million years ago which is subdivided into the Triassic, Jurassic and Cretaceous periods.
<b>Mineral Reserve</b>	The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

<b>Mineral Resource</b>	A concentration or occurrence of diamonds, natural solid inorganic material or natural fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
<b>mineralisation</b>	Rock containing an undetermined amount of a specific mineral of economic interest.
<b>Miocene</b>	The period of geological time from 23.8 to 5.32 million years ago.
<b>Mtpa</b>	Millions of tonnes per annum.
<b>open-pit mine</b>	An excavation for removing rocks and minerals which is open to the surface.
<b>phreatic surface</b>	The location where the pore water pressure is under atmospheric conditions. This surface normally coincides with the water table.
<b>porphyry</b>	Hard igneous rock containing large conspicuous crystals in a dark, fine-grained ground matrix.
<b>ppm</b>	Parts per million.
<b>Probable Mineral Reserve</b>	The economically mineable part of a Indicated Mineral Resource, and in some circumstances a Measured Mineral Resource, demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
<b>Proven Mineral Reserve</b>	The economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
<b>refractory</b>	Ore that resists the action of chemical reagents in the normal treatment processes and which may require pressure leaching or other means to effect the full recovery of the valuable minerals
<b>reverse circulation drilling (RC)</b>	A drilling method using a tricone bit, during which rock cuttings are pushed to the surface through an outer tube by liquid and/or air pressure moving through an inner tube.
<b>room and pillar mining</b>	A method of mining flat-lying ore deposits in which the mined-out areas, or rooms, are separated by pillars of rock left in-situ of approximately the same size.
<b>SAG milling</b>	Semi-autogenous grinding (SAG) - a method of grinding rock into fine powder whereby the grinding media consist of larger chunks of rocks and steel balls.

<b>stockwork</b>	Mineralised rock comprised of a system of irregular veins and/or veinlets. The geometry and complexity of the mineralisation means that it can only be extracted by removal of the stockwork as a whole.
<b>stope</b>	An underground excavation from which ore is extracted.
<b>strike</b>	The course or bearing of a mineral deposit (or any structural surface) as it intersects the horizontal plane.
<b>tailings</b>	The waste material resulting from the processing and treatment of ore to remove the valuable content.

**SCHEDULE TO ANNUAL INFORMATION FORM FOR THE YEAR ENDED  
DECEMBER 31, 2016**

**GABRIEL RESOURCES LTD.**

**Audit Committee Charter**

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Gabriel Resources Ltd. (“**Gabriel**”).

**1 PURPOSE**

- 1.1 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:
- financial reporting and disclosure requirements;
  - ensuring that an effective risk management and financial control framework has been implemented and tested by senior Management of Gabriel; and
  - external and internal audit processes.

**2 COMPOSITION AND MEMBERSHIP**

- 2.1 The Board will appoint the members (“**Members**”) of the Committee after the annual general meeting of shareholders of Gabriel. The Members will be appointed to hold office until the next annual general meeting of shareholders of Gabriel or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.
- 2.2 The Committee will consist of at least three directors who meet the criteria for independence and financial literacy established by applicable laws and the rules of the stock exchange upon which Gabriel’s securities are listed, including Multilateral Instrument 52-110 - Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- 2.3 The Board will appoint one of the Members to act as the Chairman of the Committee. The corporate secretary of Gabriel (the “**Corporate Secretary**”) will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Corporate Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

**3 MEETINGS**

- 3.1 Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.

- 3.2 At the request of the external auditors of Gabriel, the Chief Executive Officer or the Chief Financial Officer of Gabriel, or any member of the Committee, the Chairman will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- 3.3 The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select one of their number to act as Chairman of the meeting.
- 3.4 Two Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- 3.5 The Committee may invite such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without Management at each meeting of the Committee.
- 3.6 In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Corporate Secretary, will prepare and distribute to the Members and others, as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Gabriel to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **4 DUTIES AND RESPONSIBILITIES**

- 4.1 The duties and responsibilities of the Committee as they relate to the following matters are to:

##### **Financial Reporting and Disclosure**

- 4.2 Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly unaudited financial statements, Management discussion and analysis, financial reports, guidance with respect to earnings per share, and any public release of financial information through news release or otherwise. The Board may delegate the authority to approve any of the foregoing to the Committee except the approval of the audited annual financial statements, the auditor's report thereon and the related management's discussion and analysis.
- 4.3 Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectus, annual information form, annual report to shareholders, Management information circular, material change disclosure of a financial nature, and similar disclosure documents.
- 4.4 Review with senior Management of Gabriel and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Gabriel's financial position and the results of its operations in accordance with IFRS, as applicable.

- 4.5 Periodically review Gabriel's corporate disclosure policy and recommend any proposed changes to the Board for consideration.
- 4.6 Review the minutes from meetings of the disclosure committee, established pursuant to Gabriel's corporate disclosure policy, since the last meeting of the Committee.

#### **Internal Controls and Audit**

- 4.7 Review and assess the adequacy and effectiveness of Gabriel's system of internal control and management information systems through discussions with senior Management and the external auditor to ensure that Gabriel maintains:
  - (a) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Gabriel's transactions;
  - (b) effective internal control systems; and
  - (c) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Gabriel (and its subsidiaries) at any particular time.
- 4.8 Satisfy itself that senior Management has established adequate procedures for the review of Gabriel's disclosure of financial information extracted or derived from Gabriel's financial records.
- 4.9 Satisfy itself that senior Management has periodically assessed the adequacy of internal controls, systems and procedures in order to ensure compliance with regulatory requirements and recommendations.
- 4.10 Review and discuss Gabriel's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.
- 4.11 Review and assess, and in the Committee's discretion, make recommendations to the Board regarding the adequacy of Gabriel's risk management policies and procedures in respect of identification of Gabriel's principal risks and implementation of appropriate systems to manage such risks, including an assessment of the adequacy of insurance coverage maintained by Gabriel.
- 4.12 Review and assess periodically, and in the Committee's discretion make recommendations to the Board regarding, Gabriel's investment policy.

#### **External Audit**

- 4.13 Recommend to the Board a firm of external auditors to be engaged by Gabriel.
- 4.14 Ensure that the external auditors report directly to the Committee on a regular basis.
- 4.15 Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.

- 4.16 Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors.
- 4.17 Review the audit plan of the external auditors prior to the commencement of the audit.
- 4.18 Establish and maintain a direct line of communication with Gabriel's external and, as applicable, internal auditors.
- 4.19 Meet in camera with only the auditors, with only senior Management, and with only the members of the Committee.
- 4.20 Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the external auditor's team.
- 4.21 Oversee the work of the external auditors with respect to preparing and issuing an audit report or performing other audit, review or attest services for Gabriel, including the resolution of issues between Management of Gabriel and the external auditors regarding financial disclosure.
- 4.22 Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with senior Management of Gabriel, and the ramifications of their use as well as any other material changes, and all material written communication between senior Management and the auditors such as Management letters and schedule of unadjusted differences.
- 4.23 Discuss with the external auditors their perception of Gabriel's financial and accounting personnel, records and systems, the cooperation which the external auditors received during the course of their review, and availability of records, data and other requested information and any recommendations with respect thereto.
- 4.24 Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.
- 4.25 Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

#### **Associated Responsibilities**

- 4.26 Monitor and periodically review the Whistle Blowing policy and associated procedures for:
  - (a) the receipt, retention and treatment of complaints received by Gabriel regarding accounting, internal accounting controls or auditing matters;
  - (b) the confidential, anonymous submission by directors, officers and employees of Gabriel or others of concerns regarding questionable accounting or auditing matters; and

- (c) any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of Gabriel's Code of Business Conduct & Ethics or governance policies.
- 4.27 Review and approve Gabriel's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditor of Gabriel.

#### **Non-Audit Services**

- 4.28 Pre-approve all non-audit services to be provided to Gabriel or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its Members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

#### **Oversight Function**

- 4.29 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits and/or reviews or to determine that Gabriel's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of senior Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Gabriel, and are specifically not accountable or responsible for the day to day operation or performance of such activities.
- 4.30 Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Gabriel's financial information or public disclosure.

### **5 REPORTING**

- 5.1 The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Management information circular. On request, the Corporate Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

### **6 ACCESS TO INFORMATION AND AUTHORITY**

- 6.1 The Committee will be granted unrestricted access to all information regarding Gabriel, and all directors, officers, employees, consultants and contractors will be directed to cooperate as requested by members. The Committee has the authority to retain, at Gabriel's expense, independent legal, financial and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

**7 REVIEW OF CHARTER**

- 7.1 The Committee will review and assess the adequacy of this Charter in each year and recommend any proposed changes to the Board for consideration.