Management’s Discussion and Analysis

This Management’s Discussion and Analysis (“MD&A”) provides a commentary to enable a reader to assess material changes in the financial condition and results of operations of Gabriel Resources Ltd. (“Gabriel” or the “Company”) as at and for the three-month periods ended March 31, 2017 and 2016.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto of the Company as at and for the three-month periods ended March 31, 2017 and 2016 (“Financial Statements”). The Financial Statements have been prepared in condensed format in accordance with International Financial Reporting Standards (“IFRS”) as applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34 (‘Interim Financial Reporting’). The Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company as at and for the year ended December 31, 2016, which have been prepared in accordance with IFRS. All amounts included in the MD&A are in Canadian dollars (“$”), unless otherwise specified. This report is dated as of May 11, 2017, and the Company’s public filings, including its most recent Annual Information Form (“AIF”), can be reviewed on the SEDAR website (www.sedar.com).

Overview

Gabriel is a Toronto Stock Exchange listed Canadian resource company which, for the past eighteen years, has been principally focused on the exploration and development of the Roșia Montană gold and silver project in Romania (the “Project”). The exploitation concession license for the Project (“License”) is held by Roșia 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 Roșia 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 (together the “Group”) 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, Romania has blocked and prevented implementation of the Project without due process and without compensation, effectively depriving the 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 Romanian Government has entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the “Treaties”) (“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.

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 positive engagement by the Romanian State since the Arbitration Request, the ICSID Arbitration has become its core focus.

In the context of the above, the information set out below and elsewhere in this MD&A relating to the Project, the License, the Group's exploration and development activities in Romania and the Project approval and permitting process 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 Project.

ICSID Arbitration

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, 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 Group to expend significant cash resources through RMGC on mining related activities and fees and taxes in relation to the License and associated property rights, and also in defining mineral deposits at the Rodu-Frasin (epithermal gold and silver) and reviewing the Tarniţa (porphyry copper-gold) sites within the Bucium area located in the vicinity of Roşia Montană ("Bucium Projects").

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 Projects.

Status of the ICSID Arbitration

The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the Romanian State's wrongful conduct and its breaches of the Treaties' protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and related licenses.

As previously disclosed in filings by the Company, the Tribunal has held two hearings on August 12, 2016 and September 23, 2016, and has issued four Procedural Orders which have given direction to the parties on the requests for provisional measures and certain procedural issues.

The most recent Procedural Order No.4, issued on January 10, 2017, set out the expected calendar for the ICSID Arbitration process with specific dates for the filing of submissions by the parties and other necessary procedural matters ("Procedural Calendar"). The Procedural Calendar requires that the Claimants submit their Memorial on the merits of the claim (the "Memorial") no later than 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 is scheduled to be followed by the following key submissions:

- The Respondent to file its response to the Memorial ("Counter-Memorial") by February 15, 2018.
- The Claimants and the Respondent to file their requests for the production of documents by March 15, 2018. The Tribunal is to issue a decision on the requests for the production of documents on May 10, 2018.
- The Claimants to file their reply to the Counter-Memorial ("Reply") by September 5, 2018.
- The Tribunal to issue a decision on whether to admit submissions from any 'non-disputing parties' on October 17, 2018. If the Tribunal admits submissions from 'non-disputing parties', the parties are to file their comments on the 'non-disputing party' submissions by November 14, 2018.
- The Respondent to file its 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.

A summary of the procedural aspects of the ICSID Arbitration is available on ICSID's website at the address given below. In addition, 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 and available at the following location: https://icsid.worldbank.org/en/Pages/cases/casedetail.aspx?CaseNo=ARB/15/31.

RMGC Audits and Investigations

Since the filing of the ICSID Arbitration, RMGC has been subjected to several audits and investigations by the Romanian National Agency for Fiscal Administration ("ANAF"), a Romanian Government agency operating under the Ministry of Public Finance, a Romanian Government department which is also charged with organizing and overseeing Romania's defense of the ICSID Arbitration. Gabriel and RMGC management considers that such audits and investigations are abusive in nature and have been initiated by the Romanian authorities in retaliation to the Claimants' filing of the ICSID Arbitration.

As previously disclosed by the Company, ANAF raised a value added tax ("VAT") assessment against RMGC in July 2016 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 Tribunal hearing of September 23, 2016, through a filing made on behalf of Romania 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. On October 12, 2016 ANAF commenced a new VAT inspection which, as of the date of the MD&A, remains ongoing. On May 2, 2017, RMGC received from ANAF a copy of its draft preliminary inspection report ("Draft Report"), which sets out the initial ANAF findings of the new inspection team. This Draft Report identifies a potential repayment by RMGC of VAT deductions it has claimed in the period 2011 to 2016 in the amount of RON 26m (approximately $8.5m). In the short-term, RMGC expects to be invited by ANAF to explanatory meetings and to be able to make written representations on the Draft Report. A final inspection report and formal assessment is expected in the coming weeks. As with the previous Assessment, the Company believes the ANAF findings are fundamentally flawed and an abusive retaliation to the ICSID Arbitration. The Company intends to use all legal avenues to challenge any future assessment that may be issued to RMGC and to fully protect its rights and assets.

In parallel with the Assessment, and for over eighteen months to date, 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"). ANAF has continually demanded, to short and often unachievable deadlines, 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 co-operating 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 have sought to bring this matter to the attention of the Tribunal as Gabriel considers that such actions further evidence the discriminatory acts and bad faith conduct of the Romanian authorities with regard to the Claimants' investments in Romania. As at the date of this MD&A, neither the Company nor RMGC has received any feedback on the status of the ANAF Investigation.

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 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.

In Q4 2016, following a further assessment of certain residual assets owned by RMGC in the Project area, a further impairment charge of $4.2 million has been recorded. Each impairment has been 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). No further impairment has been recognized in the period to March 31, 2017.

Long Lead-Time Equipment

Long lead-time equipment comprised of crushing and milling equipment was originally procured by the Group between 2007 and 2009 for the operational phase of the Project. Due to the combined status of the Project permitting and the ICSID Arbitration, the prospect of the long lead-time equipment being used in the future for the purpose it was purchased is considered remote.

In December 2015, the Company formally engaged two specialist agents to broker the sale of this equipment. As the fair value, net of sale costs, determined based on information provided by these agents, was lower than the book value of the assets, the Company recognized an impairment of $33.0 million in 2015 and the remaining book value of the long lead-time equipment was transferred to assets held for sale.

During Q3 2016, the 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. No further impairment has been recognized in the period to March 31, 2017.

Project Development Status

In the context of the above disclosures concerning the ICSID Arbitration, the complete lack of positive Romanian Government engagement on the Project and the change in core focus of the Group, readers are advised to refer to the Company's AIF for the year ended December 31, 2016 published on March 29, 2017, a copy of which is filed on SEDAR at www.sedar.com, for information relating to the status of the Project, the License, the Group's exploration and development activities in Romania, the Project approval and permitting process, and reported gold and silver resources and reserves. Except as disclosed in the Company's public filings thereafter, there has been no material change in the information therein from the date of publication of the AIF to the date of this MD&A.

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', the first procedural step in having the site included on the United Nations Educational, Scientific and Cultural Organization's (UNESCO) World Heritage List.

At the annual meeting of UNESCO in Paris in October 2016, it was confirmed that the "Roșia Montană Mining Cultural Landscape" had been added to Romania's 'Tentative List'.

Parliamentary elections were held in Romania on December 11, 2016. Notwithstanding statements by the outgoing Prime Minister, Dacian Ciolos, that the Romanian 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.

Neither the Company nor RMGC were notified of, or consulted on, any of the above actions neither before they were initiated nor in the period since.

Legal Challenges in Romania

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 and ultimately to stop the development of the Project.

For details concerning material legal actions related to the Project, see the section entitled "*Legal Challenges relating to the Project*" in the AIF.

Recent Developments

The following section outlines certain developments that occurred in legal proceedings related to the Project during Q1 2017:

- On October 18, 2016, the Prefect of Alba County Council initiated proceedings before the Alba Tribunal seeking the annulment of the existing urbanism certificate with respect to the industrial footprint of the Project (UC-98) due to the revocation by a Romanian court of two decisions of the local council of Roșia Montană, namely LCDs 45 and 46/2002, in May 2016. RMGC chose not to intervene in these proceedings. On February 8, 2017, the Alba Tribunal rejected the Prefect's claim for the annulment of UC-98.
- On November 8, 2016, the Ministry of Economy, through Minvest RM, initiated legal proceedings against RMGC before the Alba Tribunal seeking the annulment of a decision of a shareholders meeting of RMGC held on October 21, 2016 which had approved an increase in the registered share capital of RMGC, as described further below. On March 15, 2017, the Tribunal rejected Minvest RM's challenge, a decision which may be subject to appeal.

Other Legal Proceedings

Kadok Investigation

As previously disclosed, in 2014 the Ploiesti Public Prosecutor's Office ("PPPO") extended its investigation into alleged tax evasion and money laundering on the part of the principals/key shareholder(s) of a group of companies including Kadok Interprest LLC ("Kadok Group") to 90 other companies, including RMGC. RMGC, which had a short-term commercial relationship with the Kadok Group in 2012 has cooperated fully with the PPPO and provided evidence to the PPPO of its legitimate business dealings with the Kadok Group. Notwithstanding, a restriction order remains imposed by the PPPO on the equivalent of $0.3 million held in one of RMGC's Romanian bank accounts pending the outcome of the aforementioned investigation, which the Company understands is ongoing.

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 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 under-capitalizations identified by its audited financial statements. Mandatory statutory share capital increases of RMGC have been implemented in 2004, 2009 and 2013.

In 2015, the board of RMGC determined that RMGC would need to implement a mandatory share capital increase by the end of December 2016 to address the under-capitalization identified by its 2014 audited financial statements. Further to correspondence sent to Minvest RM and the Ministry of Economy, the Romanian State authority controlling the mandate of Minvest RM, on a number of occasions during 2016 and after convening several board and shareholder meetings to discuss the matter, 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. At this meeting, the proposal to increase the share capital was approved by Gabriel Resources (Jersey) Ltd., however, Minvest RM, pursuant to instructions from the Ministry of Economy, chose not to vote in favour or against the proposal.

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 under-capitalization, Gabriel Resources (Jersey) Ltd. determined not to subscribe for the new shares to be issued pursuant to the shareholders' decision of October 21, 2016.

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. On May 2, 2017, the decision of the shareholders of RMGC was published in the Official Gazette of Romania commencing a one month period for the shareholders to exercise their rights to subscribe for the new shares issued pursuant to the share capital increase.

Outlook

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 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 no later than June 30, 2017;
- the continued assessment of the Company's activities and resources necessary to preserve its core assets and rights;
- carefully managing its cash resources (including the potential disposition of the remaining long lead-time equipment acquired for the Project); and

- the protection of its rights and interests in Romania (including support to RMGC in respect of any further abusive, illegal, and retaliatory behavior of the Romanian authorities and, so far as reasonably practical and desirable, ensuring that existing licenses and permits remain in good standing).

Liquidity and Capital Resources

Cash and cash equivalents at March 31, 2017 were $55.1 million.

In order to strengthen and improve the financial position of the Group, Gabriel closed two non-brokered private placements in 2016 (the “2016 Private Placements”), each as described below, raising aggregate gross proceeds of $60.625 million to be used by the Company for working capital to support its continuing operations, including, but not limited to, the advancement of the ICSID Arbitration.

On May 11, 2016, the Company raised $20 million through a private placement with certain existing securityholders (the "May 2016 Private Placement"), and concurrently entered into arrangements with such securityholders to amend certain terms of the securities held by them pursuant to a private placement that the Company closed in May 2014 (the “2014 Private Placement”). In July 2016, the Company raised a further $40.625 million of capital through a private placement with one existing shareholder and a new investor to (the "July 2016 Private Placement").

The Company’s average monthly cash usage during Q1 2017 was $1.7 million, including costs in respect of the ICSID Arbitration (Q4 2016 monthly average: $2.1 million, Q3 2016 monthly average: $1.3 million). At the end of Q1 2017, accruals for costs in respect of the ICSID Arbitration amounted to $4.6 million (Q4 2016 $1.9 million).

Results of Operations

The results of operations are summarized in the following tables. The amounts are derived from the Financial Statements prepared under IFRS.

in thousands of Canadian dollars, except per share amounts	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Income Statement				
Loss - attributable to owners of parent	$ 9,345	$ 13,200	$ 42,002	$ 8,943
Loss per share - basic and diluted	0.02	0.03	0.11	0.02
Statement of Financial Position				
Working capital	48,846	56,058	60,642	25,554
Total assets	70,599	75,458	90,495	53,736
Statement of Cash Flows				
Cash flows from financing activities	4	(17)	39,337	19,880

in thousands of Canadian dollars, except per share amounts	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Income Statement				
Loss - attributable to owners of parent	$ 7,370	$ 615,175	$ 4,630	$ 4,495
Loss per share - basic and diluted	0.02	1.60	0.01	0.01
Statement of Financial Position				
Working capital	9,327	15,408	20,994	24,050
Total assets	39,298	44,415	693,225	631,331
Statement of Cash Flows				
Investments in development and exploration including working capital changes	-	2,249	3,322	1,954
Cash flows from financing activities	-	(1,412)	-	(1,388)

Review of Financial Results

in thousands of Canadian dollars, except per share amounts	**3 months ended March 31** **2017**	2016
Operating loss for the period	**$ 7,293**	$ 6,353
Loss for the period		
- attributable to owners of parent[1]	**9,345**	7,370
Loss per share - basic and diluted	**0.02**	0.02

[1] The transfer by the Company of equity in RMGC to Minvest RM during Q1, 2014 resulted in the presentation of a non-controlling interest, as set out in the Financial Statements. Following the 2015 Impairment, the non-controlling interest was partially reversed in accordance with IFRS 3 – Business Combinations, leaving only the attributable residual currency translation adjustment.

Operating loss for the three-month period ended March 31, 2017 increased from the corresponding period in 2016, primarily due to incremental legal and other advisory costs pursuant to the ICSID Arbitration. In addition, there was an increase period-on-period in the accreted interest on the 2014 Private Placement and 2016 Private Placements (together the "Private Placements"), partially offset by a reduction in payroll costs.

Accreted finance charges of $1.7 million on the Private Placements are reflected in the loss for the quarter ended March 31, 2017 (Q1 2016: $1.0 million).

Expenses

Corporate, General and Administrative

in thousands of Canadian dollars	**3 months ended March 31** **2017**	2016
Finance	**$ 172**	$ 149
External communications	**54**	69
Information technology	**61**	87
ICSID Arbitration related	**4,388**	2,113
Legal	**192**	320
Payroll	**1,555**	2,063
Long lead-time equipment storage costs	**211**	244
Other	**448**	715
Corporate, general and administrative expense	**$ 7,081**	$ 5,760

Since January 1, 2016, all operating expenditures incurred by the Group, including those at RMGC, are included in corporate, general and administrative.

ICSID Arbitration related costs are for legal and other services provided to the Company in respect of the ICSID Arbitration which, for the three-month period ended March 31, 2017, amounted to approximately $4.4 million. The increase compared to the corresponding 2016 period is due to increased activity in preparation for filing the Memorial no later than June 30, 2017.

Legal expenses include ongoing corporate legal advice within the Group.

Payroll costs are significantly lower in the three-month period ended March 31, 2017, when compared with the corresponding 2016 period. The difference of $0.5 million is comprised of a reduction of $0.3 million in RMGC, following a reduction in headcount, $0.1 million as a result of a reduction in directors' fees (following changes which came into effect in Q3 2016) and a favourable $0.1 million variance from the weakening of UK sterling against the Canadian dollar.

Share Based Compensation

	3 months ended March 31	
in thousands of Canadian dollars	**2017**	2016
DSUs and RSUs - expense / (gain on revaluation)	**$ (270)**	$ 177
Stock option compensation - expense	**441**	289
Stock based compensation	**$ 171**	$ 466

Initially valued at the five-day weighted average market price of the Company's shares at the date of grant, deferred share units ("DSUs") and restricted share units ("RSUs") are revalued each period end based on the period end closing share price. The initial valuation of the DSUs and RSUs, and the effect on the valuation of DSUs and RSUs of the period-on-period change in share price, is expensed. At March 31, 2017, the Company's share price was $0.40 (December 31, 2016: $0.53), resulting in a credit to the income statement recognized at the period end revaluation.

The estimated fair value of share options is calculated using the Black Scholes method as at the date of grant and amortized over the period over which the options vest. For performance options, the fair value is expensed over the estimated vesting period from the time of grant. Once the performance conditions have been attained, which may result in the full vesting of the options, the remaining fair value (if any) is either expensed immediately or over the remaining vesting period, as appropriate. The expected performance dates are periodically reviewed and the expensing adjusted accordingly.

	3 months ended March 31	
	2017	2016
Stock option compensation		
Number of stock options granted	**77,280**	-
Average value ascribed to each regular vesting option granted	**$ 0.50**	$ -
Options granted to corporate employees, officers, and directors	**77,280**	-
DSU compensation		
Number of DSUs issued	**72,625**	560,000
Average value ascribed to each DSU issued	**$ 0.50**	$ 0.14
RSU compensation		
Number of RSUs redeemed	**-**	144,935
Average value ascribed to each RSU redeemed	$ -	$ 0.14

A total of 77,280 stock options were granted to certain non-executive directors in lieu of fees for services provided during Q1 2017, all of which vest over a three-year period.

An aggregate of 72,625 DSUs were issued to certain non-executive directors in lieu of fees for services provided during the three-month period ended March 31, 2017 (2016: 560,000). DSUs vest on the date of issue. With effect from July 1, 2016, non-executive directors are required to receive at least fifty per cent of their director fees payable in DSUs or share options. Certain non-executive directors have elected to receive all of their director fees payable in share options.

In the three-month period ended March 31, 2017, no RSUs vested (2016: 144,935). There are no RSUs outstanding at March 31, 2017.

Finance Income

		3 months ended March 31		
in thousands of Canadian dollars		**2017**		2016
Interest income	**$**	**62**	$	13

Interest income reflects the average holdings of cash and cash equivalents during the respective periods shown above.

As at March 31, 2017, approximately 93% of the Company's cash and cash equivalents were invested in either Canadian government or US government guaranteed instruments, with the majority of the balance held as cash deposits with major Canadian banks.

Finance Costs

		3 months ended March 31		
in thousands of Canadian dollars		**2017**		2016
Financing costs - convertible note accretion	**$**	**1,690**	$	955

Finance costs for the three-month period ended March 31, 2017, relate to the accretion of the debt component of the Private Placements, which are measured at amortized cost using the effective interest rate method.

Foreign Exchange

The Company has experienced an increase in foreign currency gains and losses as a result of increased exposure to non-functional currencies. A significant portion of the funds raised in the July 2016 Private Placement were received in US dollars and the Company has retained these US dollars to fund its expected US dollar denominated working capital expenses.

Taxes

All tax assessments received and validly existing prior to the end of the year ended December 31, 2016 have been paid and/or provided for in the Financial Statements.

Investing Activities

The majority of Group expenditures over the years ended December 31, 2015 were for identifying and defining the size of the four ore bodies, for engineering to design the size and scope of the Project, environmental assessment and permitting, social support to local communities, communications and public relations activities to support the permitting process, archeological and rehabilitation work to buildings, as well as surface rights and property acquisition and resettlement housing and infrastructure. Since January 1, 2016 no significant expenditures have been incurred in these areas and any such expenditures are expensed in the income statement.

Mineral Properties

Historically, following the establishment of the technical feasibility and commercial viability of the Project, all costs incurred in Project exploration and development were capitalized to mineral properties. In 2016, Management assessed the capitalization of Project-related expenditures and determined that the criteria were not met and, consequently, no costs have been capitalized to mineral properties since December 31, 2015.

Purchase of Capital Assets

		3 months ended March 31		
in thousands of Canadian dollars		**2017**		2016
Total investment in capital assets	**$**	**44**	$	27
Depreciation and disposal - expensed	**$**	**41**	$	89

The purchase of capital assets remains low, in line with the Company's cost containment strategy.

Financing Activities

As noted above, in 2014 and 2016, the Company completed the Private Placements to raise gross aggregate proceeds of $95.6 million. The Company is using the proceeds of the Private Placements to finance the costs of the continuing ICSID Arbitration and for general working capital purposes. Further information on the Private Placements is provided in the Financial Statements and the AIF.

Cash Flow Statement

Liquidity and Capital Resources

The main sources of liquidity are the Company's cash and cash equivalents, share option exercises and the equity and debt markets. At March 31, 2017, aggregate cash and cash equivalents were $55.1 million (December 31, 2016: $60.3 million).

Working Capital

At March 31, 2017, the Company had working capital, calculated as total current assets less total current liabilities, of $48.8 million (December 31, 2016: $56.1 million).

As at March 31, 2017, the Company had current liabilities of $7.7 million (December 31, 2016: $5.3 million). The increase in 2017 is due to an increase in accruals for ICSID Arbitration-related legal costs.

Related Party Transactions

In December 2013, the Group was required to recapitalize RMGC in order to comply with Romanian company law requirements. The subscription to RMGC share capital by the Company was effected through a conversion of existing intercompany debt. In January 2014, the Group agreed to transfer to the non-controlling shareholder, Minvest RM, for nil consideration, a proportion of the shares subscribed to in December 2013, with a face value of $20.4 million, in order to preserve the respective shareholdings in RMGC. The transfer of shares to Minvest RM was reflected in the Financial Statements as a non-controlling interest and an increase in the accumulated deficit.

The Company advanced loans in the period 2004 to 2009 totaling US$39.5 million to the predecessor of Minvest RM (subsequently transferred to Minvest RM) to facilitate various statutory share capital increases in RMGC. The balance outstanding of the Minvest RM loans as at March 31, 2017 was US$39.5 million (December 31, 2016: US$39.5 million).

The Minvest RM loans are non-interest bearing and, according to their terms, are to be repaid as and when RMGC distributes dividends to its shareholders. The loans are accounted for as part of the Group's net investment in RMGC and have, accordingly, been set off against non-controlling interest in the Financial Statements. The loans will be reflected individually in the Financial Statements in accordance with IFRS at such time as repayment of the loans is possible.

Resettlement Liabilities

RMGC had a program for purchasing homes in the Project area, which was suspended in February 2008 due to the suspension of the EIA review process in September 2007. Under the resettlement program, residents were offered two choices: either to take the sale proceeds and move to a new location of their choosing; or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the resettlement option, the Company increased its mineral properties on the balance sheet as well as resettlement liabilities for the anticipated construction costs of the resettlement houses. As the construction took place, the cost of newly-built houses was capitalized as construction-in-progress. After the transfer of legal title of the property, RMGC reduced the amounts capitalized as construction-in-progress and at the same time reduced its resettlement liabilities. All resettlement-associated costs capitalized to mineral properties or as construction-in-progress formed part of the impairment accounted for in 2015.

At March 31, 2017 the Company had accrued resettlement liabilities totaling $0.8 million (December 31, 2016: $0.7 million).

During 2016, RMGC closed-out various exchange contracts it had entered into with certain homeowners in Roșia Montană who had elected for resettlement in Roșia Montană if the Project proceeded. RMGC has, in accordance with the terms of such contracts and in order to bring the contracts to an amicable and fair close, provided to the homeowners a range of options, including the restitution of their properties in Roșia Montană. RMGC has successfully agreed terms with the majority of the relevant homeowners.

Contractual Obligations

A summary of the Company's contractual capital and operating lease commitments as of March 31, 2017 is included within the Financial Statements.

The Company and its subsidiaries have a number of arms-length agreements with third parties who provide a wide range of goods and services. Typically, the service agreements are for a term of not more than one year and permit either party to terminate upon notice periods ranging from 15 to 90 days. At termination, the Company has to pay for services rendered, and costs incurred, to the date of termination.

Critical Accounting Estimates

The preparation of Financial Statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses and other income during the reporting period.

Significant estimates and assumptions include those related to going concern, the recoverability or impairment of mineral properties, benefits of future income tax assets, estimated useful lives of capital assets, valuation of share based compensation and other benefits assumptions and determinations as to whether costs are expensed or capitalized, and the valuation and measurement of the components of the Private Placements. While Management believes that these estimates and assumptions are reasonable, actual results could vary significantly. With the exception of the expensing of Project-related expenditures (as opposed to capitalization, as was the case up to December 31, 2015), the critical accounting estimates are not significantly different from those reported in previous periods.

Going Concern

The potential value of the Group's mineral properties, and in particular the Project, is dependent upon the existence and economic recovery of such proven ore body reserves in the future together with the ability of the Group to obtain all necessary permits and raise long-term financing to complete the development of the properties. 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 Group to develop the Project.

The approved 2017 budget includes those expenditures and commitments necessary to maintain the Company's primary assets and the estimated costs associated with the Company advancing the ICSID Arbitration. On the basis of the Company's balance of cash and cash equivalents as at March 31, 2017, and the current calendar for the ICSID Arbitration as set out in the Procedural Calendar, the Company believes that it has sufficient funding to satisfy the costs of the currently planned ICSID Arbitration activities to see it through to the issuance of an award. Management continues to review the Company's activities in order to identify areas to further reduce expenditures.

Considering the risks listed above, and in the context of the Group's financial resources, Management's assessment is that the Company remains a going concern. The Company accordingly has been accounted for as a going concern in the Financial Statements for the quarter ended March 31, 2017.

Future income tax assets

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that are expected to be in effect when the differences reverse. Income tax assets are recognized to the extent that the recoverability of future income tax assets is considered probable.

The Company has subsidiaries in countries that have differing tax laws and rates, primarily Romania and the United Kingdom. The provision for income taxes is based on a number of estimates and assumptions made by Management, including its understanding of domestic and international tax rules. Advice is also sought from local professional tax advisors in the respective countries where the Group does business.

Tax authorities in Romania have regularly initiated various tax audits to assess the appropriateness of the Company's tax filing positions. Regulators may interpret tax regulations differently from the Company, which may cause changes to the estimates made. As previously disclosed, in July 2016 RMGC was issued with the Assessment in respect of VAT that RMGC had previously claimed on certain activities, despite the fact that 18 prior VAT audits by the Romanian tax authorities had accepted that VAT could be reclaimed on these types of activities. The Assessment was subsequently 'partially quashed', with a re-performance of the VAT audit ordered (using a different inspection team) which was initiated on October 12, 2016. On May 2, 2017, as noted above, a Draft Report was received from ANAF and the finalization of the VAT audit remains ongoing. The findings of ANAF in this Draft Report are similar to those in the Assessment, and identifies a potential repayment by RMGC of VAT deductions it has claimed in the period 2011 to 2016 in the amount of RON 26m ($8.5m). The Company intends to use all legal avenues to challenge any future assessment that may be issued to RMGC and to fully protect its rights and assets.

Useful lives of capital assets

The Company's policy is to amortize capital assets over their useful lives once the assets are brought into production. Management assesses useful lives to ensure that the useful lives of assets reflect the intended use of those assets.

Valuation of share-based compensation

The Company utilizes share options, DSUs and RSUs as a means of compensation. Share options are valued using a Black Scholes valuation model, and are amortized over the expected vesting periods. Management reviews the assumptions used in the Black Scholes valuation on an annual basis to ensure appropriateness. DSUs and RSUs are initially valued at the five-day weighted average market price of the Company's common shares preceding the date of grant, and are subsequently recalculated to fair value based on the quoted market value of the Company's common shares at the end of each reporting period.

Valuation of the Private Placements

The units issued by the Company in the 2014 Private Placement (as restructured in May 2016), and the May 2016 Private Placement, consisted of convertible subordinated unsecured notes, warrants and arbitration value rights. For these two private placements, the Company utilized a Black Scholes valuation model to value the warrant component of the units and a discounted cash flow model to value the debt component of notes. The equity component of the notes was recognized initially at the difference between the fair value of each private placement as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs were allocated to the liability and equity components in proportion to their initial carrying amounts. A nil value was initially ascribed to the arbitration value rights and, given the current early stage of the arbitration process, a nil valuation remains applicable as at March 31, 2017. The 2014 Private Placement and the May 2016 Private Placement contain two embedded derivatives, both of which were initially valued at nil with no subsequent adjustment in value.

In the case of the July 2016 Private Placement, due to the increase in the share price during the period of the transaction documentation and closing, both the warrants and the convertible subordinated unsecured notes were in-the-money at the time of issue. Consequently, the debt and equity components of such notes, a compound financial instrument, as well as the warrants, were recorded at fair value. The valuation of the equity components resulted in a non-cash charge of $34.4 million being recognized in the income statement in Q3 2016. Any directly attributable transaction costs were allocated to the liability and equity components in proportion to their initial carrying amounts.

Financial instruments and other instruments

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

The Company's objective is to safeguard its accumulated capital in order to be able to fund ongoing expenditures. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures. The estimated long-term costs, including advisors' fees and general corporate working capital, of pursuing the ICSID Arbitration will be significant. In the event that the dispute is resolved and the Romanian Government issues the environmental permit for the Project, the Company will initiate a review of its financing requirements over the short and medium term. While the Company expects that in that event it will be able to obtain equity, long-term debt and/or project-based financing sufficient to build and operate the Project, there are no assurances that such initiatives would be successful.

To safeguard capital the Company invests its surplus capital in liquid instruments with highly-rated financial institutions.

The Group’s risk exposures and the impact on the Group’s financial instruments are summarized below:

Credit risk

The Group’s credit risk is primarily attributable to cash and cash equivalents. Historically, the Group has adopted an investment strategy to minimize its credit risk by investing in Canadian sovereign debt with the balance of cash being invested on short-term overnight deposit with major Canadian banks. However, the Company has invested a significant portion of the funds raised in the July 2016 Private Placement in US sovereign debt to fund its expected US dollar-denominated working capital expenses.

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

The Group holds small cash balances in the United Kingdom to fund corporate office activities.

The Group’s credit risk is also attributable to value-added taxes receivable. Value-added taxes receivable are primarily receivables from the Romanian Government which, prior to the recent 2016 VAT audits, were within expected collection terms. The collection times have subsequently become extended but the amounts in question as at March 31, 2017 are not material.

Liquidity risk

The Company has the ability to repay the convertible unsecured Notes at maturity through issuing common shares from treasury (as more fully described in the Financial Statements); these represent a significant portion of the long-term Group liabilities. As of the date of this MD&A, taking account of the Group’s existing treasury balances, the Group expects to have sufficient funds to settle all existing and other long-term contractual liabilities.

Market risk

(a) Interest rate risk

The Group has significant cash balances and fixed coupon debt. The Group maintains a short-term investment horizon, typically less than 3 months, for its cash and cash equivalents, and therefore minimizes the risk of interest rate volatility at investment maturity. Where yields on investments less than 90 days are not significantly lower than investments greater than 90 days but less than one year, the Group has elected to utilize the shorter term investments.

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

The Group’s primary objective with respect to cash and cash equivalents is to mitigate credit risk. The Group has elected to forego yield in favor of capital preservation.

(b) Foreign currency risk

The Group's presentation currency is the Canadian dollar and its activities expose it to fluctuations in foreign exchange rates. The Group has monetary assets and liabilities which are denominated in Romanian Leu, US dollars, UK pounds and Euros and is, therefore, subject to exchange variations against both the functional and presentation currency.

The Group maintains cash and cash equivalents in various currencies and is therefore susceptible to market volatility as foreign cash balances are revalued to the functional currency of the entity and thereafter to the presentation currency of the Group. Therefore, the Group may report foreign exchange gains or losses during periods of significant economic and market volatility. At March 31, 2017 the Group held 54% and 45% of its cash and cash equivalents in Canadian and US dollars, respectively.

The Company has not entered into any derivative hedging activities.

Sensitivity

Based on Management's knowledge and experience of the financial markets, in respect of the Company's balance of cash and cash equivalents as at March 31, 2017, the Company believes the following market movements are "reasonably possible" over a twelve-month period and would have the stated effects on net income:

- A plus or minus 1% change in earned interest rates; would affect net income by $0.6 million.
- A plus or minus 1% change in foreign exchange rates; would affect net income by $0.3 million.

Risks

The ICSID Arbitration, which has become the core focus of the Company, entails certain risks, uncertainties and other factors which include, without limitation, the abusive behavior of Romanian authorities leading to tax and other investigations and assessments, the attitudes and actions of the Romanian Government related to the Company's investment in Romania, including the ability of the Company to realize value from its investments in Romania pursuant to the Treaties and the ICSID Arbitration; the advancement of the ICSID Arbitration proceedings in a customary manner; the outcome of the ICSID Arbitration, including the timing and value of any arbitral award or settlement; the Company's expectation with regards to the costs, fees and other expenses and commitments payable in connection with the ICSID Arbitration; and any inability or delay in recovering from Romania the amount of any award or settlement.

In addition, and if the Company is able to reach an amicable resolution with Romania regarding the dispute that allows for the development of the Project, the business of the Group may be subject to certain existing and future risks including, but not limited to, sovereign risk, including political and economic instability, changes in the existing fiscal regime, changes in existing Romanian Government regulations, for example, an increase in royalty rates or state ownership applicable to the Project, a ban on the use of cyanide in mining, designation of the Project area as an archeological site of national importance, Romanian Government regulations relating to mining, which may delay or preclude the receipt of required permits or impede the Group's ability to acquire the necessary surface rights, as well as litigation risk against permits and the Project, currency fluctuations and local inflation. Political, public, and NGO opposition to the Project, and the multitude of legal challenges to permits issued in the past in respect of the Project demonstrate certain significant risks that the Project could face.

The following list identifies areas of existing and future material risks to the business of the Group. The risks noted below are not listed in any particular order and 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 Group's business. The realization of any of these risks may materially and adversely affect the Group's business, financial condition, results of operations and/or the market price of the Company's securities.

These risk factors are discussed in more detail in the AIF.

- ICSID Arbitration
- Ability to Secure Additional Funding
- Convertible Notes and Warrants
- Political and Economic Uncertainty in Romania
- Permitting Process
- Acquisition of Surface Rights
- UNESCO World Heritage List
- Mineral Tenure Rights
- Legal Proceedings
- Proposed Adverse Romanian Legislative Initiatives
- Minvest Mine Closure Plan
- Dependence on Management and Key Personnel
- Compliance with Anti-Corruption Laws
- Insurance and Uninsurable Risks
- Global Financial Condition
- Currency Fluctuations
- Market Price Volatility
- Dilution
- Enforcement of Civil Liabilities
- No History of Earnings or Dividends
- Accounting Policies and Internal Controls
- Conflict of Interest

CEO/CFO Certification

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

The CEO and CFO certify that, as at March 31, 2017, the Company's DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Due to the inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all fraud or misstatements. Further, the effectiveness of internal control over financial reporting and disclosure is subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with policies or procedures may change.

The CEO and CFO will continue to monitor the effectiveness of the Company's internal control over financial reporting and disclosure controls and may make modifications from time to time as considered necessary or desirable.

The control framework the Company's CEO and CFO used to design the Company's ICFR is the *Internal Control – Integrated Framework (Updated Framework)* published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013.

There is no limitation on scope of design as described in paragraph 5.3 of NI 52-109. There has been no change in the Company's ICFR that occurred during the three-month period ended March 31, 2017 which has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Outstanding Share Data

The Company's fully diluted share capital as at May 10, 2017 was:

	Outstanding
Common shares	384,452,780
Common stock options	26,854,101
Deferred share units - common shares	2,446,304
Restricted share units - common shares	1,911,390
Warrants	111,536,250
Convertible notes	307,912,500
Fully diluted share capital	**835,113,325**

Forward-Looking Statements

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

In this MD&A, 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 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 Group's liquidity and capital resources;
- access to funding to support the Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion of the Convertible Notes, or exercise of warrants, 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;
- the impact on business strategy and its implementation in Romania of: unforeseen historic acts of corruption, uncertain legal enforcement both for and against the Group and political and social instability;
- regulatory, political and economic risks associated with operating in a foreign jurisdiction including changes in laws, governments and legal 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 Group of certain key employees and consultants; and
- risks normally incident to the exploration, development and operation of mining properties.

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

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

Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended March 31, 2017

Condensed Consolidated Statement of Financial Position

As at March 31, 2017 and December 31, 2016

(Unaudited and expressed in thousands of Canadian dollars)

	Notes	**March 31 2017**	December 31 2016
Assets			
Current assets			
Cash and cash equivalents	7	**55,141**	60,267
Trade and other receivables		**689**	596
Prepaid expenses and supplies		**692**	523
Total current assets (excluding assets classified as held for sale)		**56,522**	61,386
Assets classified as held for sale	6	**13,419**	13,417
Total current assets		**69,941**	74,803
Non-current assets			
Restricted cash		**506**	506
Property, plant and equipment		**152**	149
Total non-current assets		**658**	655
TOTAL ASSETS		**70,599**	75,458
Liabilities			
Current liabilities			
Trade and other payables	8	**5,925**	3,375
Resettlement liabilities	9	**808**	742
Other current liabilities	10	**943**	1,211
Total current liabilities		**7,676**	5,328
Non-current liabilities			
Convertible, subordinated, unsecured notes	17	**57,844**	56,154
Total non-current liabilities		**57,844**	56,154
TOTAL LIABILITIES		**65,520**	61,482
Equity			
Share capital		**868,288**	868,279
Other reserves	17	**131,999**	131,562
Currency translation adjustment		**1,331**	1,329
Accumulated deficit		**(1,000,430)**	(991,085)
Equity attributable to owners of the parent		**1,188**	10,085
Non-controlling interest	11	**3,891**	3,891
TOTAL EQUITY		**5,079**	13,976
TOTAL EQUITY AND LIABILITIES		**70,599**	75,458

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

Condensed Consolidated Income Statement

For the three-month period ended March 31

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

	Notes	3 months ended March 31 2017	2016
Expenses			
Corporate, general and administrative	5	**7,081**	5,760
Severance costs		**-**	38
Share-based compensation		**171**	466
Depreciation		**41**	89
Operating loss		**7,293**	6,353
Other (income) / expense			
Interest received		**(62)**	(13)
Finance costs: convertible notes accretion	17	**1,690**	955
Foreign exchange loss		**424**	75
Loss for the period attributable to owners of the parent		**9,345**	7,370
Basic and diluted loss per share	14	**$0.02**	$0.02

Condensed Consolidated Statement of Comprehensive Income

For the three-month period ended March 31

(*Unaudited and expressed in thousands of Canadian dollars)*

	3 months ended March 31 2017	2016
Loss for the period	**9,345**	7,370
Other comprehensive loss / (income)		
- may recycle to the Income Statement in future periods		
Currency translation adjustment	**(2)**	404
Comprehensive loss for the period	**9,343**	7,774
Comprehensive loss for the period attributable to:		
- Owners of the parent	**9,343**	7,696
- Non-controlling interest	**-**	78
Comprehensive loss for the period	**9,343**	7,774

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

Condensed Consolidated Statement of Changes in Shareholders’ Equity

For the three-month period ended March 31

(Unaudited and expressed in thousands of Canadian dollars)

	Notes	3 months ended March 31 **2017**	2016
Common shares			
At January 1		**868,279**	868,086
Shares issued on the exercise of share options		**5**	-
Transfer from contributed surplus: exercise of share options		**4**	-
At March 31		**868,288**	868,086
Other reserves			
At January 1		**131,562**	53,843
Share-based compensation		**441**	289
Exercise of share options		**(4)**	-
At March 31		**131,999**	54,132
Currency translation adjustment			
At January 1		**1,329**	2,254
Currency translation adjustment		**2**	(326)
At March 31		**1,331**	1,928
Accumulated deficit			
At January 1		**(991,085)**	(919,570)
Loss for the period		**(9,345)**	(7,370)
At March 31		**(1,000,430)**	(926,940)
Non-controlling interest			
At January 1		**3,891**	4,112
Currency translation adjustment		**-**	(78)
At March 31		**3,891**	4,034
Total shareholders' equity at March 31		**5,079**	1,240

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

Condensed Consolidated Statement of Cash Flows

For the three-month period ended March 31

(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended March 31	
	2017	2016
Cash flows used in operating activities		
Loss for the period	**(9,345)**	(7,370)
Adjusted for the following non-cash items:		
Depreciation	**41**	89
Share-based compensation	**171**	466
Finance costs - convertible note accretion	**1,690**	955
Unrealized foreign exchange gain	**(357)**	(13)
	(7,800)	(5,873)
DSU/RSU cash settlement	**-**	(16)
Changes in operating working capital:		
Unrealized foreign exchange gain	**14**	21
Increase in accounts payable	**2,619**	1,331
(Increase) / decrease in accounts receivable	**(262)**	148
	(5,429)	(4,389)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(44)**	(27)
	(44)	(27)
Cash flows provided by financing activities		
Proceeds from the exercise of share options	**4**	-
	4	-
Decrease in cash and cash equivalents	**(5,469)**	(4,416)
Effect of foreign exchange on cash and cash equivalents	**343**	(8)
Cash and cash equivalents - beginning of period	**60,267**	18,567
Cash and cash equivalents - end of period	**55,141**	14,143

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

1. Nature of operations

Gabriel Resources Ltd. ("Gabriel" or the "Company") is a Toronto Stock Exchange listed Canadian resource company whose activities have been focused on permitting and developing the Roșia Montană gold and silver project (the "Project") in Romania. The exploitation license for the Project ("License") is held by Roșia 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 Roșia 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 (together the "Group") focused substantially all of their management and financial resources on identifying and defining the size of the four known ore bodies, engineering to design the size and scope of the Project, surface rights acquisitions, rescue archaeology and environmental assessment and permitting.

On July 21, 2015, pursuant to the provisions of international bilateral investment protection treaties which the Romanian State entered into with each of Canada and the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties"), Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited ("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 ("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. The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the State's wrongful conduct and its breaches of the Treaties' protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and the related licenses.

Whilst the Company's primary objective has always been the development of the Project to operational status, as of the date of these unaudited interim condensed consolidated financial statements ("Condensed Financial Statements"), the Company has not been afforded the opportunity to discuss an amicable resolution with Romania regarding the dispute that would allow for the development of the Project. Meanwhile the ICSID Arbitration process is advancing. The first Tribunal hearing took place on August 12, 2016. On January 10, 2017, the Tribunal issued its procedural calendar for the ICSID Arbitration process and required documents. No later than June 30, 2017 the Claimants have to deliver a memorial on the merits of the ICSID Arbitration claim ("Memorial").

The approved 2017 budget includes those expenditures and commitments necessary to maintain the Company's primary assets, its License and associated rights and permits, and the material estimated costs associated with the Company advancing the ICSID Arbitration. On the basis of the Company's balance of cash and cash equivalents as at March 31, 2017, and the current calendar for the ICSID Arbitration as set out in the Tribunal's procedural calendar, the Company believes that it has sufficient funding to satisfy the costs of the currently planned long-term ICSID Arbitration activities to see it through to the issuance of an award. Management continues to review the Company's activities in order to identify areas to rationalize expenditures.

These Condensed Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future.

The Company's registered address is Suite 200 – 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 1Z4. The Company receives significant management services from its wholly-owned subsidiary, RM Gold (Services) Ltd. ("RMGS"). The principal place of business for RMGS is 1 Central Court, 25 Southampton Buildings, London WC2A 1AL, United Kingdom. The Company is the ultimate parent of the Group and does not have any controlling shareholders.

2. Basis of preparation

These Condensed Financial Statements for the three-month period ended March 31, 2017, have been prepared in accordance with IFRS as applicable to the preparation of interim financial statements, including International Accounting Standard 34 Interim Financial Reporting. The Condensed Financial Statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS.

The Condensed Financial Statements have been prepared according to the historical cost convention.

The Board approved these Condensed Financial Statements on May 11, 2017.

3. Critical accounting estimates, risks and uncertainties

The Company performed an analysis of risk factors which, if any should materialize, could materially and adversely affect the results of operations and financial position of the Company.

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities, if any, at the date of the financial statements and the reported amount of expenses and other income for the period. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. The significant estimates and assumptions are not materially different from those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2016.

4. Accounting policies

The material accounting policies followed in these Condensed Financial Statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2016.

No new IFRS accounting standards have been adopted by the Company during the three month period ended March 31, 2017.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these Condensed Financial Statements. Management is assessing the possible impact of these standards and has not yet reached a conclusion as to the impact on the Group. The standards being reviewed that are relevant to the Group are:

- IFRS 9 - Financial Instruments. Replacement standard for IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 retains (and simplifies) the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. This standard is mandatory, effective from January 1, 2018.

- IFRS 16 – Leases. In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019.

5. Corporate General and Administrative expenses

in thousands of Canadian dollars	3 months ended March 31 2017	2016
Finance	**172**	149
External communications	**54**	69
Information technology	**61**	87
ICSID Arbitration related	**4,388**	2,113
Legal	**192**	320
Payroll	**1,555**	2,063
Long lead-time equipment storage costs	**211**	244
Other	**448**	715
Corporate, general and administrative expense	**7,081**	5,760

ICSID Arbitration related costs are in respect of legal and other services provided to the Company in respect of the ICSID Arbitration.

Legal expenditures shown above are in respect of general corporate legal advice in respect of the Gabriel Group.

6. Assets held for sale

Balance - December 31, 2015	19,646
Disposal	(1,375)
Impairment charge	(3,856)
Currency translation adjustment	(998)
Balance - December 31, 2016	13,417
Currency translation adjustment	**2**
Balance - March 31, 2017	**13,419**

Due to the combination of the status of the Project permitting and the ICSID Arbitration, the prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is considered remote. In December 2015, the Company engaged two specialist agents to broker the sale of the long lead-time equipment, and the equipment was transferred to assets held for sale on December 31, 2015. In August 2016, a gyratory crusher was sold for gross proceeds of $2.6 million. The agents' engagement is ongoing, with a view to a sale of the remaining equipment in the short-term.

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 recognised in the income statement for the year.

The remaining long lead-time equipment comprises milling equipment, which is not yet assembled. These items are currently stored in various warehouse locations which, with non-material exceptions, are outside of Romania, the main location being the port of Antwerp, Belgium.

7. Cash and cash equivalents

As at	**March 31 2017**	December 31 2016
Cash at bank and on hand	**4,585**	6,143
Short-term bank deposits	**50,556**	54,124
	55,141	60,267

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Cash is readily accessible and is deposited at reputable financial institutions with high credit standings.

The Group manages its domestic Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources from its corporate office and only transferring money to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks. At March 31, 2017, the Group held $0.4 million equivalent in Romanian banks (December 2016: $0.1 million).

Short-term bank deposits represent investments in government treasury bills with maturities, from the date of acquisition, of less than 90 days.

8. Trade and other payables

As at	**March 31 2017**	December 31 2016
ICSID Arbitration related accruals and payables	**4,628**	2,019
RMGC accruals and payables	**500**	420
RMGC salaries and related taxes payable	**503**	713
Other payables	**294**	223
	5,925	3,375

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. The increase in ICSID Arbitration related accruals at March 31, 2017 is due to the increase in arbitration related activities following the formation of the Tribunal and preparation for the filing of the Memorial.

9. Resettlement liabilities

RMGC previously had a program for purchasing homes in the Project area. Under the resettlement program residents were offered two choices; either to take the sale proceeds and move to a new location of their choosing, or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the new resettlement site option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total balance at March 31, 2017 was $0.8 million (December 31, 2017: $0.7 million).

10. Other current liabilities

The Company has a DSU Plan under which qualifying participants can elect to receive certain compensation in the form of DSUs. With effect from July 1, 2016, certain Company directors will receive fifty per cent of their director fees payable in DSUs. DSUs are initially valued at the five-day weighted average market price of the Company's common shares at the date of issue, with the value adjusted based on fair value on the closing common share price at the end of each subsequent reporting period.

During the three month period ended March 31, 2017 the Company's share price decreased and, whilst DSUs were issued to certain non-executive directors in the quarter, a decrease to the aggregate DSU liability of $0.3 million has been recorded based on the reporting period end fair value calculation.

11. Non-controlling interest

The Company historically advanced loans totaling US$39.5 million to Minvest RM, the non-controlling shareholder of RMGC, to facilitate mandatory statutory share capital increases in RMGC in accordance with Romanian company law rules on capitalization. These loans, which remain outstanding at March 31, 2017, are non-interest bearing and according to their terms are to be repaid as and when RMGC distributes dividends to its shareholders. The loans are accounted for as part of the Group's net investment in RMGC and, accordingly, have been set-off against non-controlling interests in the Condensed Consolidated Statement of Financial Position. The loans and non-controlling interest components will be reflected individually at such time as repayment of the loans is possible.

In December 2013, the Group was required to recapitalize RMGC in order to comply with Romanian minimum capitalization company law requirements. The subscription to RMGC share capital by the Company was effected through a conversion of existing intercompany debt. On January 17, 2014 the Group agreed to transfer to Minvest RM, for nil consideration, a proportion of the shares subscribed to in December 2013, with a face value of $20.4 million, in order to preserve the respective shareholdings in RMGC. This transfer gave rise to the disclosed non-controlling interest and subsequent accounting.

12. Related party transactions

The Group had related party transactions with associated persons or corporations which were undertaken in the normal course of operations.

Historical related party transactions with Minvest RM are disclosed in Note 11. There have been no transactions with Minvest RM in 2017.

13. Common share options

Director, officer, employee and consultant common share options were granted, exercised and cancelled as follows:

	Number of options ('000)	**Weighted average exercise price (dollars)**
Balance - December 31, 2015	25,728	1.66
Options granted	4,961	0.46
Options forfeited	(360)	2.14
Options expired	(3,548)	6.62
Options exercised	(36)	0.46
Balance - December 31, 2016	26,745	0.77
Options granted	**77**	**0.50**
Options exercised	**(13)**	**0.40**
Balance - March 31, 2017	**26,810**	**0.77**

14. Loss per share

	3 months ended March 31 2017	2016
Loss for the period attributable to owners of the parent	**9,345**	7,370
Weighted-average number of common shares (000's)	**384,447**	384,150
Basic and diluted loss per share	**$0.02**	$0.02

15. Commitments and contingencies

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

	Total	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
Capital commitments							
Resettlement	78	78	-	-	-	-	-
Operating lease commitments							
Roşia Montană exploitation license	640	256	256	128	-	-	-
Surface concession rights	1,156	34	34	34	34	34	986
Property lease agreements	12	12	-	-	-	-	-
Total commitments	**1,886**	**380**	**290**	**162**	**34**	**34**	**986**

16. Segmental information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's Chief Executive Officer.

The Group has two segments: the first being the Romanian operating company, the principal activity of which was formerly the exploration, evaluation and development of precious metal mining projects in the country ("Romania"). The rest of the entities within the Group form part of a secondary segment ("Corporate").

The segmental report is as follows:

	Romania		**Corporate**		**Total**	
For the three-month period ended March 31,	**2017**	2016	**2017**	2016	**2017**	2016
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	-	-	**(62)**	(13)	**(62)**	(13)
Finance costs - convertible note accretion	-	-	**1,690**	955	**1,690**	955
Depreciation	30	73	**11**	16	**41**	89
Reportable segment loss	1,978	2,142	**7,367**	5,228	**9,345**	7,370

As at March 31,	**2017**	2016	**2017**	2016	**2017**	2016
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets and assets classified as held for sale	**14,903**	20,218	**55,038**	14,016	**69,941**	34,234
Reportable segment non - current assets	**598**	5,010	**60**	54	**658**	5,064
Reportable segment liabilities	**(1,387)**	(3,657)	**(64,133)**	(34,401)	**(65,520)**	(38,058)

The Group's non-current assets are predominantly located in various port facilities within the European Union.

17. Private placements

On July 14, 2016 the Company completed a private placement with one existing shareholder and a new investor (the "July 2016 Private Placement"). On May 11, 2016 the Company completed a private placement with a number of existing shareholders (the "May 2016 Private Placement" and together with the July 2016 Private Placement, the "2016 Private Placements"). A total of 60,625 units were issued pursuant to the 2016 Private Placements at a price of $1,000 per unit to raise aggregate gross proceeds of $60.625 million. Each of the issued units consist of the following (as more fully disclosed in the annual audited financial statements for the year ended December 31, 2016):

- $1,000 principal amount of convertible, subordinated, unsecured notes with a coupon of 0.025%;
- 1,610 common share purchase warrants; and
- one arbitration value right.

On May 30, 2014 the Company completed a private placement with a number of existing shareholders (the "2014 Private Placement" and together with the 2016 Private Placements, the "Private Placements"). A total of 35,000 units were issued at a price of $1,000 per unit to raise aggregate gross proceeds of $35.0 million. In conjunction with the closing of the May 2016 Private Placement, certain terms of the 2014 Private Placement were restructured to bring them into alignment with the May 2016 Private Placement.

The key inputs used in determining the value of the notes and warrants issued in the July 2016 Private Placement set out in these Condensed Financial Statements are as follows:

- Discount rate 12.5%
- Volatility (based on historic 23 month volatility adjusted for the S&P/TSX Mining Index volatility) 66.5%
- Remaining life (years) 5.0

The key inputs used in determining the value of the notes and warrants in the May 2016 Private Placement and 2014 Private Placement set out in these Condensed Financial Statements are as follows:

- Discount rate 12.5%
- Volatility (based on historic 23 month volatility) 98.0%
- Remaining life (years) 5.0

July 2016 Private Placement – Initial recognition

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	22,740	394	22,346
Equity component of convertible debentures	32,694	567	32,127
Warrants	19,557	339	19,218
Charge on issue of in-the-money equity instruments	(34,366)	-	(34,366)
Arbitration value rights	-	-	-
Proceeds of private placement	40,625	1,300	39,325

17. Private placements (continued)

May 2016 Private Placement – Initial recognition

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	11,118	67	11,051
Equity component of convertible debentures	4,149	25	4,124
Warrants	4,733	28	4,705
Arbitration value rights	-	-	-
Proceeds of private placement	20,000	120	19,880

2014 Private Placement – Recognition subsequent to the debt extinguishment

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	18,347	-	18,347
Equity component of convertible debentures	8,370	50	8,320
Warrants	8,283	50	8,233
Arbitration value rights	-	-	-
Proceeds of private placement	35,000	100	34,900

Subsequent to initial measurement, the debt component is measured at amortized cost using the effective interest rate method. The valuation of the equity component is not adjusted subsequent to the initial recognition except on conversion or expiry.

There are two derivatives that are embedded within the convertible notes to the Private Placements: a ‘make-whole premium’ to protect holders of the convertible notes in a change of control event prior to maturity; and a ‘common share repayment right’ providing the Company with the right to repay the principal in Common Shares at a discounted amount of 95% of par at maturity. These two embedded derivatives were determined to have insignificant initial values and were accordingly not accounted for, but will be reassessed at each reporting date.

The aggregate composition of the Private Placements is set out in the following table

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	52,205	461	51,744
Equity component of convertible debentures	45,213	642	44,571
Warrants	32,573	417	32,156
Charge on issue of in-the-money equity instruments	(34,366)	-	(34,366)
Proceeds of private placement	95,625	1,520	94,105

18. Post Balance Sheet events

RMGC VAT assessment

As previously disclosed by the Company, ANAF raised a VAT assessment against RMGC in July 2016 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 Tribunal hearing of September 23, 2016, through a filing made on behalf of Romania to the Tribunal, the General Directorate for the Settlement of Challenges, a division of ANAF, decided to 'partially quash' the Assessment and to re-run the VAT inspection for the same period but using a new inspection team. On October 12, 2016 ANAF commenced a new VAT inspection.

On May 2, 2017, RMGC received from ANAF a copy of its draft preliminary inspection report ("Draft Report"), which sets out the initial ANAF findings of the new inspection team. This Draft Report identifies a potential repayment by RMGC of VAT deductions it has claimed in the period 2011 to 2016 in the amount of RON 26m (approximately $8.5m). In the short-term, RMGC expects to be invited by ANAF to explanatory meetings and to be able to make written representations on the Draft Report. A final inspection report and formal assessment is expected in the coming weeks. As with the previous Assessment, the Company believes the ANAF findings are fundamentally flawed and an abusive retaliation to the ICSID Arbitration. The Company intends to use all legal avenues to challenge any future assessment that may be issued to RMGC and to fully protect its rights and assets. As a consequence, and pending the final outcome of the VAT inspection, the Company has not recorded any provision in its Condensed Financial Statements.