



## PRESS RELEASE

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### Annual Results and Fourth Quarter Report

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces the publication of its Annual Results and Fourth Quarter Management’s Discussion and Analysis Report for the period ended December 31, 2014.

#### Summary

*Capitalized terms used in this summary section are defined in “Further Information” below.*

- In 2014 political activities in Romania have focused on the European Parliamentary elections held in May and campaigning in the November 2014 Presidential election. Consequently, Governmental decision-making for major domestic strategic objectives in Romania, including the Project, has stalled.
- In the Presidential election, the centre right candidate, Klaus Iohannis defeated the current social democrat Prime Minister, Victor Ponta, and his investiture as the new President took place on December 22, 2014.
- Throughout 2014 and to date, no conclusions have been forthcoming on next steps for the TAC to recommend a position to the Government on the environmental permitting of the Project.
- In January 2015, the Company announced that it had issued a formal notification to the President and Prime Minister of Romania pursuant to the provisions of certain international bilateral investment protection treaties requesting that the Romanian authorities engage formally with Gabriel in a process of consultation in order to find an amicable resolution regarding the development, construction and operation of the Project.
- As at the date of this document, there has been no formal response to the Notice and Gabriel has not initiated any arbitration claim or application to any international arbitration institution. The outlook for the Project remains dependent on a constructive and transparent dialogue with the Government and the TAC regarding the completion of various permitting processes for the Project and is therefore uncertain at this time.
- Gabriel has made it clear that it is ready to engage at a senior level with the Romanian authorities in order to resolve amicably the issues at dispute as soon as possible. However, Gabriel is also committed to the protection of its rights in Romania, and should the current situation continue and no workable solution develop, Gabriel and its affiliates may be left with no choice but to pursue legal recourse, including the filing of an arbitration claim(s).
- \$44.2 million of cash and cash equivalents were held as at December 31, 2014.

Jonathan Henry, Gabriel's President and Chief Executive Officer, stated:

"We still await open and transparent dialogue with the Romanian authorities on how they wish to progress based on our full commitment to the construction and operation of a world class gold mine at Rosia Montana. With no permitting progress forthcoming, it is regrettable that the Company has had to make a majority of its Romanian workforce redundant in the last year. The current decision makers in Romanian politics can change the future prosperity of the region by progressing permitting for a project which has the potential to create over 3,600 jobs and allow Romania to become a leading gold producer in Europe.

We remain hopeful that an amicable resolution can be reached without the need to escalate our situation to international arbitration. Our overriding wish remains to avoid any protracted dispute and to partner with Romania in developing a world-class and sustainable mining project for the benefit of Romania and all stakeholders. Dialogue remains our preference, not arbitration."

**Further information and commentary on the operations and results in the fourth quarter of 2014 and full financial year, together with events anticipated in the short term, is given below. The Company has filed its Annual Audited Consolidated Financial Statements and Management's Discussion & Analysis on SEDAR at [www.sedar.com](http://www.sedar.com) and each is available for review on the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).**

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## Further Information

### Financial Performance

- The net loss for the fourth quarter of 2014 was \$1.4 million, and for the year ended December 31, 2014 was \$6.3 million, or \$0.02 per share.

### Liquidity and Capital Resources

- Cash and cash equivalents at December 31, 2014 amounted to \$44.2 million.
- In Q4 2014, the Company paid the final tranche of severance payments of \$1.1 million, as discussed further below, and the first interest payment of \$1.6 million on the principal amount of convertible, subordinated, unsecured notes with a coupon of 8% (the "Notes") issued as part of a \$35 million fundraising in Q2 2014. Excluding the impact of these items, the Company's average monthly net cash usage during Q4 2014 was \$1.9 million (2014: full year average \$2.3 million, 2013: full year average \$3.9 million, 2012: full year average \$4.9 million).
- The Company has continued with initiatives to preserve capital until such time as the Government of Romania ("Government") moves ahead with permitting the Roşia Montană gold and silver project (the "Project"). This has included the difficult decision to terminate approximately eighty per cent of the employment contracts at Roşia Montană Gold Corporation ("RMGC"), effective Q2 2014. Total employee severance of approximately \$2.6 million was paid in two tranches in Q2 2014 and Q4 2014.

## Notice of Dispute

- In January 2015, the Company announced that it had issued a formal notification (the “Notice”) to the President and Prime Minister of Romania on behalf of Gabriel and certain of its affiliates, pursuant to the provisions of certain international bilateral investment protection treaties which the Government has entered into with each of the Governments of Canada, the Netherlands and the United Kingdom (together the “Treaties”), requesting that the Romanian authorities engage formally with Gabriel in a process of consultation in order to find an amicable resolution regarding the development, construction and operation of the Project.
- As at the date of this document, there has been no formal response to the Notice and Gabriel has not initiated any arbitration claim or application to any international arbitration institution.
- Through the issuance of the Notice, Gabriel reiterated its strong commitment to develop the Project and, accordingly, is continuing to seek an amicable resolution with the Government to the significant delays in the permitting of the Project, as described further below. Gabriel has made it clear that it is ready to engage at a senior level with the Romanian authorities in order to resolve amicably the issues at dispute as soon as possible. During this period, Gabriel intends to continue to closely monitor the situation in Romania and to take those steps available to it to be in a position to move the Project forward should a resolution be achieved, including the advancement, to the extent possible, of those activities described further below. However, Gabriel is also committed to the protection of its rights in Romania, and should the current situation continue and no workable solution develop, Gabriel and its subsidiaries may be left with no choice but to pursue legal recourse, including the filing of one or more arbitration claim(s) under the Treaties.

### *Background to the Dispute*

- Since obtaining the rights to develop the Project, Gabriel has been firmly committed to the Project’s realization and, to date, has sourced significant funding and invested collectively amounts in excess of \$600 million to finance the Project. This expenditure has enabled the Project to comply with the obligations arising in regard to the investment rights conferred to Gabriel and its affiliates.
- Over many years, in reliance on numerous representations made and actions taken by the competent Romanian authorities, Gabriel has complied in good faith with its obligations under Romanian law and diligently pursued the development of the Project as a productive, high-quality, sustainable and environmentally responsible mining project, using best available techniques as recognized by the European Commission.
- Unfortunately, to date, the actions and inactions of the Romanian authorities have prevented the Project from advancing to implementation. Ultimately, the Project is no longer the subject of routine, regulatory analysis set out by the competent administrative bodies charged with its assessment; instead it has become subject to a dysfunctional, politicised decision-making process and held hostage to conflicts between rival political factions and misinformation that has further unnecessarily damaged the ability for development of the Project.
- This state of affairs, among other things, has prevented progress from being made with regard to the issuance of an environmental permit (“EP”) for the Project, evidenced by the repeated delays to the technical analysis committee (“TAC”) environmental impact assessment (“EIA”) review process.

## Political Environment

- During 2014, political activities in Romania focused on the European Parliamentary elections, which took place at the end of May, and the presidential elections which were held over two rounds in November 2014. Contrary to polling forecasts, Klaus Iohannis, the then mayor of the city of Sibiu, won the second round of presidential voting with 54% of the vote against 46% for the Prime Minister, Victor Ponta. Mr. Iohannis was sworn in as the fifth President of Romania on December 21, 2014 and Victor Ponta remains as the country’s Prime Minister and head of Government. The next parliamentary elections in Romania are scheduled for late 2016.

- In December 2014, Prime Minister Ponta announced a reshuffle of his cabinet. This move followed the November 27, 2014 announcement of UDMR, a political alliance representing the ethnic Hungarians of Romania, that it would withdraw from the coalition government.
- The existing governing coalition, the fourth government led by Prime Minister Ponta in the last three years, is supported by the Social Democratic Party (PSD), the Conservative Party (PC), the National Union for the Progress of Romania (UNPR) and the centre-right Liberal Reformist Party (PLR) led by the President of the Senate and former Prime Minister, Călin Popescu-Tăriceanu. As at the date of this document, the existing Government holds a clear majority of the seats in the Senate and the Chamber of Deputies.
- The level of Government engagement on the Project during 2014 was extremely limited. Against this background, during the whole of 2014 and to date, there has been no progress in any of the key areas for the Project where decision-making is required by the competent Romanian authorities.

### **Environmental Permit**

- Since the recommencement of the EIA review process in September 2010, TAC has met on eleven separate occasions, five times in 2011, four times in 2013 and twice in 2014, most recently on July 24, 2014, without conclusion. The TAC did not meet during 2012.
- In early 2014, the then Minister of Environment, Attila Korodi, publicly declared his intention to contract an expert to prepare a further study on the permeability of the Project's tailings management facility. Mr. Korodi no longer holds the position of Minister of Environment and, so far as the Company is aware, no further action has been taken to initiate such further report.
- Gabriel remains unable to provide guidance on the related timeframes to a final decision with regard to the EP.

### **Other Permitting**

- As previously reported by the Company, an amended zonal urbanism plan for the industrial development area of the Project was initiated in 2010 ("Industrial Area PUZ") and it is currently proposed that, subject to the receipt of the relevant approvals, it will replace the existing industrial zonal urbanism plan approved for the footprint of the proposed mine at Roșia Montană.
- There was limited progress in 2013 and 2014 in obtaining the required endorsements for the Industrial Area PUZ. As at the date of this document, RMGC holds 18 valid endorsements out of the total number of 23 necessary for the approval of the Industrial Area PUZ. In April 2014, pursuant to a legal challenge launched by non-governmental organizations ("NGOs") opposing the Project, one of the 19 endorsements that existed at that time was cancelled by court order, as described further below. RMGC, together with the relevant authorities, has submitted an appeal against this decision. After obtaining all the necessary endorsements, the final approval for the Industrial Area PUZ will be required to be given by the local councils of Roșia Montană, Abrud and Bucium.
- In 2009, the local council of Roșia Montană initiated the process for the zonal urbanism plan for the Roșia Montană historical protected area ("Historical Area PUZ") and, as at the date of this document, 10 out of the total of 13 endorsements necessary for its final approval have been obtained. Once the endorsement process is completed, the final approval of the local council of Roșia Montană will be then required.
- In July 2014 the existing general urbanism plans and accompanying local regulations ("PUGs") for Roșia Montană and Abrud were extended, pending the process for obtaining new PUGs, for a maximum term of three years. The processes for local councils to obtain new PUGs for Roșia Montană, Abrud and Bucium communes are ongoing and are subject to formal approval processes, including public consultation.
- In January 2014, RMGC submitted the required technical documentation for obtaining renewed safety permits for the design of the Project's Corna and Cetate dams. In November 2014, the Romanian National Dam Safety Commission ("CONSIB") unanimously voted for their issuance; final ratification is now with the Ministry of Environment following which it is expected to issue new safety permits for the dams.

## Litigation

- The key developments that have occurred in legal proceedings concerning the Project during the final quarter of 2014 and certain upcoming court hearings in the first quarter of 2015 are detailed in the Management's Discussion & Analysis which accompanies this press release and is filed on SEDAR at [www.sedar.com](http://www.sedar.com).
- Of particular note is that on December 10, 2014, RMGC initiated a legal action before the Bucharest Court of Appeal challenging the validity of a List of Historical Monuments approved by the Ministry of Culture and National Institute of Patrimony in 2010 ("2010 LHM"). RMGC has contested the validity of the 2010 LHM on the basis that it substantially extends (without legal justification) the protection regime applicable to certain monuments within the perimeter of the Project, as compared to a 2004 list. The first hearing of this claim is scheduled for March 24, 2015, and its outcome will have some bearing on a number of other legal challenges to certificates and permits held by the Project.
- Due to the inherent uncertainties of the judicial process, the Company is unable to predict the ultimate outcome or impact, if any, with respect to matters challenged in the Romanian courts. In all circumstances, the Company and/or RMGC will vigorously maintain its legal rights and will continue to work with local, county and federal authorities to ensure the Project receives a fair and timely evaluation in accordance with Romanian and EU laws. However, there can be no assurance that any claims will be resolved in favour of the Company, RMGC or the Project. The implications of a negative court ruling will only be known once such a decision is issued formally by the relevant court and the position of the Government is assessed.

## Outlook

- The Company is focused on trying to engage formally with the Government, as contemplated by the Notice. In parallel, Gabriel will continue to reduce its cost base to align it with the prevailing situation in Romania vis-à-vis the Project's permitting activities and the repeated delays of the Government to properly address the regulatory assessment and permitting procedures for the Project. Such initiatives have a long-term goal of ensuring that the Company remains financially strong, and capable of maintaining, as far as possible, all existing licenses and permits in good standing, and progressing, to the extent possible, various other similar applications.
- Cost-reduction measures have included, amongst other things, a material reduction in the workforce of Gabriel and RMGC from approximately 500 employees as at December 31, 2013 to approximately 110 in March 2015.
- In the short-term, the Company's principal objectives include:
  - trying to engage formally with the Romanian authorities, as contemplated by the Notice;
  - continuing efforts, to the extent possible, to (i) clarify the remaining procedural events and authorisation requirements necessary to move the Project, and in particular the permitting process, forward; and (ii) advance existing permitting applications including the EIA review process;
  - continuing to reduce the Company's cost base and to carefully manage its cash resources; and
  - maximizing shareholder value, while optimizing benefits of the Project to all stakeholders.

## About Gabriel

Gabriel is a Canadian TSX-listed resource company focused on permitting and developing its world-class Roşia Montană gold and silver project. The exploitation license for the Project, the largest undeveloped gold deposit in Europe, is held exclusively by Roşia Montană Gold Corporation, a Romanian company in which Gabriel currently owns an 80.69 percent equity interest, with the 19.31 percent balance held by Minvest Roşia Montană S.A., a Romanian state-owned mining enterprise. Gabriel and RMGC are committed to responsible mining and sustainable development in the communities in which they operate. The Project is anticipated to bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP. The Project will generate thousands of employment opportunities. Gabriel intends to build a state-of-the-art mine using best available techniques and implementing the highest environmental standards whilst preserving local and national cultural heritage in Romania.

For more information please visit the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

## Forward-looking Statements

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

These forward-looking statements may include statements with respect to the future financial or operating performance of the Company and its subsidiaries, the perceived merit of properties, exploration results and budgets, mineral reserves and mineral resources estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company's plans and expectations relating to the Project, the anticipated outcomes of the application processes for permits, endorsements and licenses, including but not limited to the ongoing review of the environmental impact assessment, required for the Project, or other statements that are not statements of fact.

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.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiaries to be materially different from those expressed or implied by such forward-looking statements.

These risks, uncertainties and other factors include, without limitation, the attitudes and actions of the Romanian government related to the Company's investment in Romania, including the response of the Romanian authorities to the filing of the Notice; the ability of the Company to realize value from its investments in Romania pursuant to the Treaties and potential international arbitration proceedings in the event that the Company and the Romanian authorities do not reach an agreement regarding development, construction and operation of the Project; the advancement of any potential international arbitration proceedings in a customary manner; the outcome of any potential international arbitration proceedings before arbitration tribunals as provided in the Treaties, including the timing and value of any arbitral award or settlement; management's expectation with regards to the amount of costs, fees and other expenses and commitments payable in connection with any potential arbitration; any inability or delay in recovering from Romania the amount of any award or settlement. In addition, such risks, uncertainties and other factors include, without limitation, the political and economic risks of operating in Romania, including those related to controls, regulations, political or economic developments and government instability in Romania; uncertainty of estimates of capital costs, sustaining capital costs, operating costs, production and economic returns; permitting risks, including the risk that permits and governmental approvals necessary to develop and operate the Project will not be available on a timely basis or at all, risks of maintaining the validity and enforceability of necessary permits and risks of replacing expired/cancelled permits and approvals; uncertainties relating to the assumptions underlying the Company's mineral resource and mineral reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs; risk related to the acquisition of all necessary surface rights for the development of the Project, including the risk that the Company may not acquire all such rights, or acquire such rights at acceptable prices; risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities; risks of defective title to mineral property, including the risk of successful legal challenges to the validity of the Company's exploitation license; risks related to the Company's ability to finance the development of the Project through external financing, strategic alliances, or otherwise; litigation risks, including the uncertainties inherent in current and future legal challenges relating to the Project; risks related to the availability of infrastructure, water, energy and other inputs; uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and the possibility that decisions may be reversed on appeal; uncertainties relating to prices for energy inputs, labour, material costs, supplies and services (including, but not limited to, labor, cement, steel, capital equipment, reagents and fuel); risks related to changes in law and regulatory requirements, including environmental regulation; risks related to the subjectivity of estimating mineral resources and mineral reserves and the reliance on available data and assumptions and judgments used in interpretation of such data; risks related to currency fluctuations, particularly in the value of the United States dollar and/or the Canadian dollar relative to each other and to the Euro and the Romanian leu; risks related to the future market prices of gold and silver and other mineral and commodity price fluctuations, and volatility in metal prices; risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto; risks associated with maintaining substantial levels of indebtedness, including potential financial constraints on operations; dependence on cooperation of state-owned joint venture partner in the development of the Project; risks related to the loss of key employees and the Company's ability to attract and retain qualified management and technical personnel; risks related to market events and volatility of global and local economic climate; taxation, including change in tax laws and interpretations of tax laws; mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production; risks related to opposition to the Project from non-governmental organizations or civil society; share capital dilution and share price volatility; and increased competition in the mining industry.

Forward-looking information contained herein is made as of the date of this press release. There can be no assurance that forward-looking information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. Accordingly, for the reasons set forth above, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

**ENDS**