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 years ended December 31, 2014 and 2013.

The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company as at and for the years ended December 31, 2014 and 2013 (“Statements”). These Statements have been prepared using accounting policies in accordance with International Financial Reporting Standards (“IFRS”). All amounts included in the MD&A are in Canadian dollars (“$”), unless otherwise specified. This report is dated as of March 12, 2015, and the Company’s public filings, including its most recent Annual Information Form, can be reviewed on the SEDAR website (www.sedar.com).

Overview

Gabriel is a Toronto Stock Exchange listed Canadian resource company engaged in the exploration and development of mineral properties in Romania. Gabriel is presently in the permitting stage for the development of the Roșia Montană gold and silver project (the “Project”). Roșia Montană Gold Corporation S.A. (“RMGC”) holds an exclusive exploitation license for the Project. Through its 80.69% equity shareholding in RMGC, Gabriel has a beneficial majority ownership interest in the Project. Minvest Roșia Montană S.A. (“Minvest RM”), a Romanian state-owned mining company, owns the remaining 19.31% equity shareholding in RMGC. Gabriel holds a right of first refusal to acquire the minority interest in RMGC.

The Company’s vision is to create value for all stakeholders and to build a showcase mine for Romania from a safety-led, technically advanced and environmentally responsible approach to mining. Gabriel is fully committed to sustainable development in the communities in which it operates and to setting high standards through good governance, responsible engineering, open and transparent communications, and operations and land reclamation based on European Union (“EU”) recognized best available techniques. Full compliance with EU regulations, which are amongst the most stringent in the world, will assist the Company’s goal of achieving a legacy of sustainable development while preserving the area’s cultural heritage and removing severe historical pollution in the region (caused by unregulated mining practices and a lack of remediation after cessation of mining, most recently by the Romanian state mining at Rosia Montana until 2006), for the benefit of future generations.

Key Issues

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 of Romania (“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 court.

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 its 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 of Gabriel, which includes, *inter alia*, rights conferred by (i) the mining exploitation concession agreement entered into between the Government and RMGC; (ii) shares in RMGC; (iii) contractual rights under the co-operation agreement of September 4, 1995 between Gabriel Resources (Jersey) Ltd. and state-owned Minvest, as recently assigned from CNCAF Minvest S.A.; and (iv) various related permits, loans, capital investments, intellectual property rights and know-how. It also includes rights under the Bucium exploration concession agreement entered into between the Government and RMGC, as well as related permits, rights and agreements.

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 action from being taken with regard to the environmental permit ("EP") for the Project, evidenced by the repeated delays to the technical analysis committee ("TAC") environmental impact assessment ("EIA") review process.

Political Situation – Recent Developments

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.

The European Parliament elections were held in Romania on May 25, 2014 with political parties and independent candidates competing for the 32 seats in the legislature of the European Union. The results confirmed the strong position at that time in Romania for the Social Democratic Party (PSD), being the party of Prime Minister Victor Ponta, which polled 38% of the votes and received half of the seats allocated for Romania. The National Liberal Party (PNL) and the conservative Liberal Democrat Party (PDL) trailed some distance behind, polling 15% (6 MEPs) and 12% of the vote, respectively.

The Romanian presidential election took place over two rounds on November 2 and 16, 2014. The President of Romania is elected for a 5-year term. Victor Ponta led the first round of the election with approximately 40% of the votes cast. His nearest challenger, Klaus Iohannis, the then mayor of the city of Sibiu and leader of the PNL, polled approximately 30% of the vote. Contrary to polling forecasts, Klaus Iohannis won the second round with 54% of the vote against 46% for Victor Ponta and was sworn in as the fifth President of Romania on December 21, 2014.

Following the outcome of the presidential election in November 2014, Victor Ponta remained 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, which noted 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 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.

Political Situation – Outlook for the Project

As previously reported by Gabriel, on November 11, 2013, a Special Joint Committee of the Senate and of the Chamber of Deputies ("Special Committee") published its report ("Parliamentary Report") on a draft law "*on certain measures related to the exploitation of the gold-silver deposits from Roșia Montană and stimulation and facilitation of mining development in Romania*" ("Special Draft Law"). The Special Committee voted in favour of a recommendation for the rejection of the Special Draft Law, although the conclusions of the Parliamentary Report did not propose a rejection of the Project by the Parliament.

On November 19, 2013 the Senate rejected the Special Draft Law, adopting the Parliamentary Report drawn-up by the Special Committee. Over six months later, on June 3, 2014, the Chamber of Deputies voted in line with the Senate.

The Special Committee was empowered by the Parliament to review the Special Draft Law and to issue a recommendation thereon for further debate in the plenary of the Parliament. However, the Special Committee undertook a wider analysis of the Project and issued numerous conclusions and recommendations in the Special Parliamentary Report, including a request that various ministries and institutions involved in the assessment of the Project examine and investigate various issues identified during the hearings of the Special Committee.

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 not been any progress in any of the key areas for the Project where decision-making is required by the competent Romanian authorities.

The Company is focused on trying to engage formally with the Government, as contemplated by the Notice. While doing so, Gabriel will also, to the extent possible, (i) continue to endeavour to engage with the Government and its agencies to clarify the remaining procedural events and authorisation requirements necessary to move the Project and in particular the permitting process forward, and (ii) to advance existing permitting applications including the EIA review process, as described further below. In parallel, Gabriel will continue to implement a series of ongoing cost-saving measures to align its cost base 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.

The aforementioned 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.

Environmental & Permitting

Environmental

Since the recommencement of the EIA review process in September 2010, the 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. The TAC did not meet during 2012.

Following the four meetings of the TAC during 2013, it was the Company's understanding that, at the last meeting held on July 26, 2013, the TAC chairman concluded that it had completed all technical review aspects of the EIA process and would meet once again only, for a final meeting, pursuant to which it would issue a recommendation on the issuance of the EP. However, in the following eight months, which included the rejection of the Special Draft Law by the Parliament, no further action was taken by the TAC or the Government with respect to the EIA process.

In early 2014, following the publication of the Parliamentary Report, 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, as recommended in the Parliamentary Report. 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.

A meeting of the TAC was convened on April 2, 2014, primarily as an opportunity to consider environmental issues raised in the Parliamentary Report. No conclusions were noted at the meeting.

On July 24, 2014 a further TAC meeting was held. The principal agenda item was to discuss the Ministry of Environment's proposed requirement for, and the related scope of, a further study on the permeability of the Project's tailings management facility, as recommended in the Report. The meeting finished without conclusion on that issue and the TAC members were tasked to consider further their respective positions on the need for, and scope of, such a study. Amongst other matters, RMGC has submitted that all material environmental issues arising in the Report had been extensively considered and concluded upon at prior TAC meetings and that a supplementary study is not necessary, and RMGC would maintain that the proposed initiation of a further study would contravene the environmental impact assessment procedure as regulated by law.

Gabriel remains unable to provide guidance on the related timeframes to a final decision with regard to the EP or any estimates for the likely time required to address and resolve matters arising in the Parliamentary Report or those raised in the TAC meetings of April 2 and July 24, 2014 (as described above).

Permitting Overview

Although the EP is the most important approval for the Project, there are additional rights, licenses, permits, approvals and authorizations from the local, county and federal levels of Government required to advance the Project to construction. These permits include zonal urbanism plans for the industrial and protected areas, forestry/agriculture land use change permits, as well as other permits and approvals that follow the issuance of the EP.

The Company has initiated the majority of the necessary permitting and approval processes for the development, construction and operation of the Project, and a brief summary of certain of the material rights, licenses, permits and approvals is set forth below. The application for, and issuance of, each material license, permit, approval and authorization is governed by a separate set of laws, rules and regulations.

Urbanism Plans & Certificates

Romania manages its land planning through several levels of zoning, which include (i) general urbanism plans and accompanying local regulations ("PUGs") and (ii) zonal urbanism plans and accompanying local regulations ("PUZs"). In 2002, the local council of Roșia Montană passed resolutions approving a PUG and also a PUZ designating an industrial zone under the footprint of the proposed new mine at Roșia Montană ("2002 PUZ").

Since 2002, the Company has updated the design of the proposed mine, reduced the size of the footprint, expanded the protected zones and incorporated a number of additional changes to the proposed mine, all arising as a result of public consultation. Accordingly, in 2006, an amended PUZ for the industrial development area of the Project was initiated, and such PUZ was further updated in 2010 ("Industrial Area PUZ"). It is currently proposed that, subject to the receipt of the relevant approvals (as described below), the Industrial Area PUZ will replace the 2002 PUZ.

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 such 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.

There are a number of PUGs relevant to the Project including the PUG for the Roșia Montană commune (approved in 2002); the PUG for Abrud (approved in 2002); the PUG for Campeni (approved in 2009); and the PUG for Bucium (approved in 1999). According to Romanian legislation, PUGs are required to be updated every ten years by the respective local council.

During 2012 the validity of the existing PUGs for Roșia Montană and Abrud were extended for two years pursuant to local council decisions. In July 2014, the existing PUGs for Roșia Montană and Abrud were extended, pending conclusion of the process for obtaining new PUGs, for a maximum further term of three years. During 2012, the local councils of Roșia Montană, Abrud and Bucium initiated the process for new PUGs for the respective localities. These processes remain ongoing and are subject to a number of formal approvals, including public consultation.

On April 22, 2013 Alba County Council issued a new urbanism certificate (UC-47) for the Project, initially valid for 24 months, subject to extension for a further maximum of 12 months. An urbanism certificate is an informational document issued by a local or county council and sets out the legal, technical and economic status of a particular parcel of land and further forms part of the legal regime associated with obtaining a construction permit. In February 2015, the Company filed the request for the extension of validity period of UC-47 until April 2016.

Dam Safety Permits

In Q1 2012, the Romanian National Dam Safety Commission ("CONSIB") approved the extension of the operational safety permits for the design of the Project's Corna and Cetate dams for a further period of five years (subject to construction of the Project commencing within two years). Subsequently the Ministry of Environment ratified the extension by issuing new safety permits for these dams in April 2012. In January 2014, RMGC submitted the required technical documentation for obtaining new safety permits for the two dams. In November 2014, 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

Continued exploitation of legal proceedings as a tool to delay the Project

Over the years several foreign and domestically-funded NGOs have initiated legal challenges against local, regional and national Romanian authorities that hold the administrative or regulatory authority to grant licenses, permits, authorizations and approvals for many aspects of the exploration and development of the Project.

In general, these legal challenges claim that such authorities are acting in violation of the laws of Romania and seek suspension and/or cancellation of a particular license, authorization, permit or approval. While a small number of these actions have been successful, the majority have been dismissed by the Romanian courts.

The Company, through RMGC, has sought to intervene in all material cases where it judges that there is a need to ensure that the Romanian courts considering these actions are presented with a fair and balanced legal analysis as to why the various Romanian authorities' actions are in accordance with the relevant and applicable laws.The publicly stated objective of the NGOs in initiating and maintaining these legal challenges is to use the Romanian court system not only to delay permitting approval of the Project as much as possible, but ultimately to stop the development of the Project. There are a variety of procedural mechanisms that allow the NGOs to raise pleas which create additional legal actions that are separate from, but related to the principal legal actions. Legal actions relating to the same license, authorization, permit or approval are often initiated by the NGOs in several different regional court jurisdictions, and such legal objections may be raised in cases seeking a suspension, or separate cases seeking cancellation, of a particular license, permit or approval.

For further details of the material legal actions related to the Project, see the section entitled "*Legal Challenges relating to the Project*" in Part IV of Gabriel's Annual Information Form dated March 12, 2015, a copy of which is filed on SEDAR at www.sedar.com. In addition, key developments in legal proceedings during previous quarters have been reported in the relevant MD&A for such periods.

Recent Developments

The following section outlines 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:

- On February 17, 2015, the Buzau Tribunal postponed the proceedings concerning a claim filed by three NGOs seeking the annulment of the Archaeological Discharge Certificate ("**ADC**") for the Carnic open-pit until a separate action initiated by RMGC before the Bucharest Court of Appeal challenging the validity of a 2010 LHM (as defined below) had been determined. This action before the Buzau Tribunal follows a decision of the Suceava Court of Appeal on April 15, 2014, which upheld an earlier court ruling that suspended the ADC. It is the Company's understanding that the effect of such suspension is temporary, pending the irrevocable conclusion of the aforementioned annulment case.

- 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.

- On April 15, 2014, the Covasna Tribunal admitted a request filed by two NGOs for the annulment of the Strategic Environmental Assessment ("**SEA**") endorsement, which was issued by the Regional Agency for Environmental Protection of Sibiu in March 2011 in respect of the Industrial Area PUZ. The SEA is one of a number of endorsements required for the Industrial Area PUZ. The ruling is not irrevocable and is the subject of an appeal by RMGC and others to the Brasov Court of Appeal. At a hearing of the appeal on January 22, 2015, the proceedings were temporarily suspended pending the outcome of a plea initiated by RMGC challenging the 2010 LHM. This plea is scheduled to be heard on March 26, 2015.

- On April 16, 2014, the Bacau Tribunal postponed the hearing of a claim initiated by two NGOs seeking the suspension of the SEA following the submission by the claimants' lawyers of an inadmissibility plea on the basis of the decision of the Covasna Tribunal of April 15, 2014 annulling the SEA and a further plea opposing the intervention of the RMGC in this hearing for lack of standing (*locus standi*). These pleas were rejected by the Bacau Tribunal in October 2014. At a hearing of this claim on March 4, 2015, the Tribunal heard certain further pleas raised by RMGC, a decision on which is expected on March 18, 2015.

- The first substantive hearing of a claim registered by three NGOs seeking the annulment of UC-47 is scheduled to be heard the Bistrita Tribunal on April 2, 2015.

- In July 2014, three NGOs submitted a claim to the Cluj Tribunal seeking the revocation of two decisions of the local council, namely LCDs 45 and 46/2002, which approved the PUG for Roșia Montană and the 2002 Industrial Area PUZ. In February 2015, RMGC filed a request to the Cluj Court of Appeal seeking the relocation of the claim from the Cluj Tribunal to an alternative forum. The next hearing of this claim is scheduled to be heard on May 13, 2015.

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, and may have a material adverse effect on the timing and/or outcome of the permitting process for the Project and the Company's financial condition.

Other Legal Proceedings

In November 2013, RMGC was informed of an investigation by the Ploiesti Public Prosecutor's Office ("**PPPO**") into alleged tax evasion and money laundering on the part of the principals/key shareholder(s) of a group of companies including Kadok Interprest LLC ("**Kadok Group**"). The PPPO extended its investigation of the Kadok Group to at least 100 other companies, including RMGC, which had entered into commercial business relationships with the Kadok Group.

RMGC is challenging the legality of a restriction order on the equivalent of $0.3 million held in one of RMGC's Romanian bank accounts pending the outcome of the PPPO investigation. The restricted amount represents the value of the goods procured by RMGC from the Kadok Group during 2012, all of which were received and paid for in full by RMGC, including related value added tax. RMGC was a customer of the Kadok Group for a prior purchase of winter clothing, the company has had no further dealings with the Kadok Group since that time. RMGC has cooperated fully with the PPPO and provided evidence to the PPPO of its legitimate business dealings with the Kadok Group.

Surface Rights

The Company owns approximately 78% of the homes and approximately 60% of the land by area in the Project footprint, comprising the industrial zone, the protected area and the buffer zone.

Ultimately, the Company's ability to secure all necessary surface rights within the Project footprint will be subject to third party actions and a number of risk factors which are not within the Company's control.

Archaeology and Preservation of Cultural Heritage

RMGC is required to obtain a number of archaeological discharge certificates for various parts of the proposed Project footprint. In order to obtain such discharge certificates, RMGC has conducted extensive programmes of exploratory and preventative archaeology in order to ensure that valuable historical relics in the area are uncovered and preserved where appropriate.

In recent years, the Company has funded a significant program of restoration and maintenance of houses, community buildings and previously unexplored old underground mining galleries, all located within, or beneath, the historical center of the village of Roșia Montană ("Protected Area"). A significant proportion of these works have been focused on supporting local community initiatives for sustainable development, including tourism. The works to the underground mining galleries have already facilitated in excess of one thousand visitors with interests in historic, regional mining activities. In circumstances where the Project is permitted to proceed, the Company has given an undertaking to commit resources to preserve the important archeological areas that it has previously opened and restored. Further work, beyond critical preservation and security of existing restoration in the Protected Area, remains on hold until such time as the Government moves ahead with Project permitting.

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 $1.6 million as the first 8% coupon interest payment on the convertible, subordinated, unsecured notes ("Notes") forming part of the units issued to raise $35 million on May 30, 2014, when the Company completed a private placement with a number of existing shareholders (the "Private Placement"). 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 its underlying cost containment to preserve capital until such time as the Government moves ahead with Project permitting. This included the difficult decision to terminate approximately eighty per cent of the employment contracts at RMGC, effective Q2 2014. The total severance obligations of approximately $2.6 million were paid in two tranches in Q2 2014 and Q4 2014.

Capital Cost

The estimated capital required to bring the Project into production and to a position of positive cash flow, including interest, financing and corporate costs, is approximately US$1.5 billion.

Project Timeline

Upon the issuance of an EP for the Project, it is the Company's view that, in the absence of any other extraordinary or unforeseen events, legal or otherwise (including, but not limited to, further political instability or the impact of any new legislative framework for mining in Romania), it would take approximately one year to:

- complete the necessary outstanding surface rights acquisitions;
- receive the majority of other permits and approvals, including for initial construction; and
- proceed with the financing plan for the construction of a mine at Roșia Montană.

The Company estimates that construction of the mine would take approximately 30 months to complete. All timing estimates are based on current applicable legislation together with compliance by Romanian authorities with due process, and subject to the Romanian courts dealing with litigation from NGOs and any other parties in a timely manner.

Outlook

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.

Annual Summary

The annual summary is set out in the following table. The amounts are derived from the Financial Statements prepared under IFRS.

in thousands of Canadian dollars, except per share amounts	**2014**	2013	2012
Operating loss	**$ 4,923**	$ 7,262	$ 11,411
Other expenses / (income)	**1,903**	(585)	30
Loss - attributable to owners of the parent	**6,322**	2,490	11,441
Loss per share (basic and diluted)	**0.02**	0.01	0.03
Total assets	**648,074**	658,308	602,686
Non-current liabilities	**30,968**	3,119	2,624
Investment in exploration and development including working capital changes	**23,131**	41,310	47,028
Cash flows from financing activities	**$ 32,908**	$ 5,400	$ 2,695

Results of operations

Operating loss in 2014 was $2.3 million lower than 2013 principally due to lower stock-based compensation expense ($4.8 million lower year-on-year), partially offset by severance costs during 2014 of $2.6 million. Stock based compensation is lower as a result of performance based options being re-measured to account for Project delays and the effects of a lower share price. Severance costs were incurred when the employment contracts of approximately 400 RMGC employees were terminated in Q2 2014.

Other expenses / (income) include finance cost, finance income and foreign exchange gains and losses. Finance costs of $2.2 million were accreted on the debt component of the Private Placement during 2014, whilst lower interest was generated on reduced average levels of cash and cash equivalents. The reduced holdings of foreign denominated currency resulted in the Company having significantly less exposure to currency fluctuations during the year and consequently modest foreign exchange impact.

The loss attributable to owners of the parent for 2014 was $3.8 million higher than the loss incurred in 2013, primarily due to a Romanian tax recovery of $4.2 million received during 2013. The loss for 2013 was $9.0 million lower than the loss incurred in 2012 as a result of the aforementioned tax recovery in 2013, $3.2 million lower stock-based compensation expense and reduced corporate, general and administrative costs.

Total assets

Total assets decreased $10.2 million year-on-year, after having increased by $55.6 million from 2012 to 2013. Material changes in total assets in 2014 occurred as a result of the $35 million Private Placement (which was largely utilized to finance the current year's operating and investment activities) and negative currency translation adjustments of $25.1 million arising from the translation of foreign denominated assets. The increase in 2013 relates mainly to positive currency translation adjustments of $50.8 million arising from the translation of foreign denominated assets and cash of $5.4 million received on the exercise of stock options.

Non-current liabilities

Non-current liabilities are comprised of the debt component of the Private Placement ($29.4 million) plus an accrual for long service awards and other benefits of $1.6 million (2013: $3.1 million; 2012: $2.6 million) for Romanian employees.

Investment in exploration and development

Expenditure in 2014 was $18.2 million lower than 2013, reflecting the continued cost containment and reduction measures across the Group's activities to preserve capital until such time as the Government moves ahead with Project permitting. In particular, these 2014 measures included the termination of employment contracts of approximately 400 RMGC employees.

Expenditure in 2013 was $5.7 million lower than 2012, with a reduction in activity levels in permitting and project management.

Cash flows from financing activities

The proceeds received from the Private Placement were $34.6 million, net of issuance costs. The first semi-annual interest coupon on the Private Placement of $1.6 million was paid during December 2014.

No stock options were exercised during 2014 (2013: proceeds of $5.4 million; 2012: $2.7 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	**2014 Q4**	**2014 Q3**	**2014 Q2**	**2014 Q1**
Statement of (Profit) / Loss				
Loss / (income) - attributable to owners of parent	$ 1,474	$ 1,984	$ (657)	$ 3,521
Loss / (income) per share - basic and diluted	0.00	0.01	(0.00)	0.01
Statement of Financial Position				
Working capital	37,220	42,958	48,178	19,395
Total assets	648,074	662,177	689,604	679,073
Statement of Cash Flows				
Investments in development and exploration including working capital changes	(169)	8,957	5,386	8,957
Cash flow from financing activities	(1,649)	-	34,557	-

in thousands of Canadian dollars, except per share amounts	**2013 Q4**	**2013 Q3**	**2013 Q2**	**2013 Q1**
Income Statement				
Loss / (income) - attributable to owners of parent	$ 527	$ (2,061)	$ 1,735	$ 2,289
Loss / (income) per share - basic and diluted	0.00	(0.01)	0.01	0.01
Statement of Financial Position				
Working capital	31,685	47,286	53,766	57,526
Total assets	658,308	635,419	620,683	595,676
Statement of Cash Flows				
Investments in development and exploration including working capital changes	13,363	9,487	8,532	9,928
Cash flow from financing activities	52	-	5,346	2

Review of Financial Results

	3 months ended December 31		**12 months ended December 31**	
in thousands of Canadian dollars, except per share amounts	**2014**	2013	**2014**	2013
Operating loss for the period	**$ 555**	$ 845	**$ 4,923**	$ 7,262
Loss for the period	**1,410**	527	**6,826**	2,490
Loss for the period - attributable to owners of parent[(1)]	**1,474**	527	**6,322**	2,490
Loss per share - basic and diluted	**0.00**	0.00	**0.02**	0.01

[(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. The non-controlling interest portion of the employee severance provision at RMGC is attributed to the non-controlling interest.

Operating loss for the quarter and year ended December 31, 2014 decreased from the corresponding periods in 2013. The decrease was mainly due to share-based compensation reversals of $2.8 million in 2014, versus an expense of $2.0 million in 2013. The share-based compensation reversals have resulted from delays in Project permitting and the effect of a lower share price. The beneficial impact of the share-based compensation reversals in 2014 was offset partially by severance costs of $2.6 million, as discussed further under ‘*Severance Costs*’ below.

A Romanian tax recovery of $4.2 million during 2013, in conjunction with the accreted finance charge of $2.2 million on the Notes issued pursuant to the Private Placement in 2014, resulted in a significantly higher loss for the period in 2014 than in 2013.

Expenses

Corporate, General and Administrative

in thousands of Canadian dollars	**3 months ended December 31** **2014**	2013	**12 months ended December 31** **2014**	2013
Finance	**$ 120**	$ 163	**$ 527**	$ 614
External communications	**4**	102	**$ 172**	525
Information technology	**1**	18	**$ 116**	95
Legal	**122**	105	**$ 336**	273
Payroll	**738**	964	**$ 3,009**	2,614
Other	**206**	280	**$ 835**	955
Corporate, general and administrative expense	**$ 1,191**	$ 1,632	**$ 4,995**	$ 5,076

Corporate, general and administrative costs are those costs incurred by the management services operation in London, UK and at the Canadian parent.

A cost reduction strategy has been maintained throughout 2014. The Canadian dollar weakened against the British pound period-on-period, with the average exchange rate being 12% higher during 2014. Taking account of the depreciation in the Canadian dollar, in overall terms, corporate, general and administrative costs for 2014 are lower than in the corresponding periods in 2013.

Payroll costs are approximately 15% higher in 2014 as a result of exchange rate effects and a bonus accrual reversal in the corresponding period in 2013; excluding these two factors, payroll costs on a comparable basis would have been 17% lower in 2014 than 2013. The cost reduction strategy has resulted in a significant reduction in expenditure on communications and investor relations activities. There has been an increase in 2014 in the procurement of legal services, associated with the Private Placement and activities to ensure the Group's assets and future strategic options are protected.

Management continues to review ways of reducing corporate, general and administrative costs pending progress with Project permitting.

Severance Costs

In 2014, following dialogue with relevant unions, concerned authorities and other stakeholders, the employment contracts of approximately 400 RMGC employees, on both permanent and temporary contracts, equivalent to approximately 80 per cent of the RMGC workforce, were terminated. The aggregate severance cost for the affected employees, amounting to $2.6 million has been included in the Financial Statements for the year ended December 31, 2014. The entire severance cost was paid during 2014.

Stock Based Compensation

in thousands of Canadian dollars	3 months ended December 31 2014	3 months ended December 31 2013	12 months ended December 31 2014	12 months ended December 31 2013
DSUs and RSUs - (reversal)/expense	**$ (747)**	$ (62)	**$ 100**	$ (876)
Stock option compensation - expense/(reversal)	**417**	(768)	**(2,926)**	2,898
Stock based compensation - (reversal)/expense	**$ (330)**	$ (830)	**$ (2,826)**	$ 2,022
Stock option compensation - capitalized	**$ 571**	$ (5,290)	**$ (3,250)**	$ 380

Initially valued at the five-day weighted average market price of the Company's shares at the date of issue, 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 either expensed or capitalized (the latter being for share units granted to personnel working on development projects). At December 31, 2014, the Company's share price was $0.40 (September 30, 2014: $1.01; December 31, 2013: $0.78), resulting in a reversal for the quarter and, as a consequence of DSUs and RSUs granted during the year, an expense for the year ended December 31, 2014.

The estimated fair value of stock options is calculated using the Black Scholes method as at the date of issue and amortized over the period over which the options vest, which is normally three years. 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. The fair value of stock options granted to personnel working on development projects is capitalized over the vesting period.

The reversal, during the year ended December 31, 2014, of stock option compensation previously expensed and capitalized is as a result of management expectations, given the lack of progress in permitting of the Project and the resulting delay in the attainment of performance conditions for performance based options.

The revision of expected attainment of performance conditions during 2014 has resulted in an expectation that a number of grants, with vesting commencing after the performance conditions have been attained, will expire prior to vesting, resulting in a reversal of prior expensing. The majority of the performance based options were granted to personnel working on development projects, thus the proportionately larger reversal in the current year of capitalized stock option compensation.

In the year ended December 31, 2014 stock option compensation expensed was significantly reduced by the impact of reversals of prior expensing, however the majority of previous performance based options expensing was fully reversed prior to Q4 2014. The impact of such reversals will be less material in the future.

	3 months ended December 31		12 months ended December 31	
	2014	2013	**2014**	2013
Stock option compensation				
Number of stock options granted	**3,100,000**	-	**10,675,000**	4,545,000
Average value ascribed to each regular vesting option granted	**$ 0.56**	$ -	**$ 0.73**	$ 1.33
Options granted to corporate employees, consultants, officers, and directors	**1,420,000**	-	**2,925,000**	2,470,000
Options granted to development project employees and consultants	**1,680,000**	-	**7,750,000**	2,075,000
DSU compensation				
Number of DSUs issued	**-**	17,647	**578,987**	64,480
Average value ascribed to each DSU issued	**$ -**	$ 0.85	**$ 1.15**	$ 1.58
Number of DSUs redeemed	**-**	-	**-**	109,866
Average value ascribed to each DSU redeemed	**$ -**	$ -	**$ -**	$ 1.45
RSU compensation				
Number of RSUs issued	**125,000**	-	**414,873**	**-**
Average value ascribed to each RSU issued	**$ 0.56**	$ -	**$ 0.72**	**$ -**
Number of RSUs redeemed	**25,418**	25,419	**25,418**	50,838
Average value ascribed to each RSU redeemed	**$ 0.51**	$ 1.09	**$ 0.51**	$ 1.93

A total of 10.7 million stock options were granted during 2014, of which 5 million vest on a performance basis. The remaining stock options granted in 2014 vest on a time basis over a two or three-year period. All of the options granted during the quarter ended December 31, 2014 vest in three equal tranches, at the grant date and at the first and second anniversary of the grant date.

An aggregate of 560,000 DSUs were issued to non-executive directors during Q1 2014. Additionally, 18,987 DSUs were issued to a non-executive director, in lieu of Q4 2013 director's fees. A total of 414,873 RSUs were issued during 2014 to named executive officers and Company personnel as compensation for performance. All of the RSUs issued in 2014 vest in two equal tranches, at the first and second anniversary of each grant.

Finance Income

	3 months ended December 31		12 months ended December 31	
in thousands of Canadian dollars	**2014**	2013	**2014**	2013
Interest income	**$ 98**	$ 104	**$ 361**	$ 534

Lower interest income in the 2014 compared to 2013 is largely the result of lower average holdings of cash and cash equivalents. The net Private Placement proceeds of $34.6 million were received on May 30, 2014, thus cash and cash equivalents for the first five months of 2014 were significantly lower than the corresponding period in 2013.

As at December 31, 2014, approximately 80% of the Company's cash and cash equivalents were invested in Canadian government guaranteed instruments with 17% held as cash deposits with major Canadian banks and the remaining 3% held in recognized UK and Romanian banks.

Finance Costs

in thousands of Canadian dollars		3 months ended December 31 **2014**		2013		12 months ended December 31 **2014**		2013
Financing costs - convertible note accretion	**$**	**947**	$	-	**$**	**2,164**	$	-

Finance costs for the year ended December 31, 2014 relate to the accretion of the debt component of the Notes, which is measured at amortized cost using the effective interest rate method. The Notes and related Private Placement are discussed further under ‘Financing Activities’ below.

Foreign Exchange

in thousands of Canadian dollars		3 months ended December 31 **2014**		2013		12 months ended December 31 **2014**		2013
Foreign exchange loss - realized	**$**	**(89)**	$	(218)	**$**	**(173)**	$	(330)
Foreign exchange gain - unrealized		**83**		257		**73**		381
Total foreign exchange (loss) / gain	**$**	**(6)**	$	39	**$**	**(100)**	$	51

The Company expects to report non-material foreign currency gains and losses in the future as a result of reduced exposure to non-functional currencies.

Taxes

All tax assessments have been paid and provided for in Financial Statements.

Investing Activities

The ongoing investing activities are in respect of the Project. Most of the expenditures to date have been for identifying and defining the size of the four ore bodies, for engineering to design the size and scope of the Project, for environmental assessment and permitting, social support to local communities, communications and public relations activities to support the permitting process, archeological and rehabilitation work to buildings, as well as surface rights, property acquisition and resettlement housing and infrastructure. Once the environmental and construction permits are received, the nature and magnitude of the expenditures will increase, as roads, production facilities, open pits, tailings management facilities and associated infrastructure are built.

Mineral Properties

All costs incurred in Project exploration and development are capitalized to mineral properties.

in thousands of Canadian dollars	3 months ended December 31 2014	2013	12 months ended December 31 2014	2013
Finance and administration	**$ 1,064**	$ 2,805	**$ 3,958**	$ 7,919
External communications	**591**	5,930	**3,277**	13,441
Legal	**732**	1,659	**4,055**	5,269
Permitting	**388**	804	**1,763**	3,094
Community development	**(16)**	1,551	**2,538**	6,068
Project management and engineering	**431**	602	**1,722**	2,499
Exploration - Rosia Montană	**383**	1,018	**1,304**	1,798
Total exploration and development expenditures	**$ 3,573**	$ 14,369	**$ 18,617**	$ 40,088
Capitalized depreciation and disposals	**$ 102**	$ (19)	**$ 447**	$ 399
Capitalized stock based compensation	**$ 590**	$ (5,290)	**$ (3,231)**	$ 380
Movement in resettlement liabilities	**$ (456)**	$ 208	**$ (190)**	$ 252

In line with ongoing cost reduction initiatives, total exploration and development expenditures are significantly lower in 2014 than in 2013. This is despite a 5% average weakening of the Canadian dollar against the Romanian Leu period-on-period.

The decrease period-on-period in finance and administration in 2014 is due to a reversal of a provision for long-service & other benefits, as well as the reduced employment costs relating to the RMGC employment contracts terminated during 2014.

High levels of external communications and legal costs were incurred in Q4 2013 and in Q1 2014 in response to the challenges to the Project arising in connection with the parliamentary review process. A significant reduction in communications activity during the remainder of 2014 has resulted in a large reduction in year-on-year expenditure.

The decrease in permitting and Project management and engineering expenditures during 2014, compared to the prior periods, is as a result of undertaking only those activities that are necessary to preserve the Company's assets. These activities will increase following progress in Project permitting.

The Company has scaled back community development activities, in line with the reduction in workforce, whilst still aiming to delivering upon its commitments to sustainable development and corporate social responsibility.

Legal activities remain ongoing in both supporting the Company's interests in various litigation matters, preparatory action related to the Notice and in maintaining good title to the licenses and permits that it currently holds.

Exploration activities for 2014 are based on annually agreed exploration programs with the Romanian authorities, as mandated under the mining license.

Following the 2014 employee redundancies at RMGC, the Company has seen direct and indirect employee-related cost savings and expects these to continue in the coming quarters pending progress with Project permitting.

Purchase of Capital Assets

in thousands of Canadian dollars	**3 months ended December 31** **2014**	2013	**12 months ended December 31** **2014**	2013
Resettlement site development costs and assets under construction	**$ -**	$ (158)	**$ -**	$ 54
Other	**(4)**	85	**44**	150
Total investment in capital assets	**$ (4)**	$ (73)	**$ 44**	$ 204
Depreciation and disposal - expensed	**$ 24**	$ 85	**$ 142**	$ 164
Depreciation and disposal - capitalized to mineral properties	**$ 102**	$ 76	**$ 447**	$ 399

The purchase of capital assets for 2014 has decreased in line with the Company's cost reduction strategy. Activities related to further development of the resettlement sites continue to be kept at minimal levels pending progress with Project permitting.

Financing Activities

On May 30, 2014 the Company completed a Private Placement with a number of existing shareholders. The Company is using the proceeds of the Private Placement for general corporate purposes, including the continuance of its efforts to successfully permit the Project. 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. The details of the Private Placement, accounting policies and valuation techniques are described in the Financial Statements for the year ending December 31, 2014.

The first interest payment pursuant to the Private Placement of $1.6 million was paid on December 31, 2014 and is reflected as a financing activity in the Financial Statements for the year ending December 31, 2014.

Cash Flow Statement

Liquidity and Capital Resources

The main sources of liquidity are the Company's cash and cash equivalents, stock option exercises and the equity and debt markets. At December 31, 2014, aggregate cash and cash equivalents were $44.2 million (December 31, 2013: $42.1 million).

Working Capital

At December 31, 2014, the Company had working capital, calculated as total current assets less total current liabilities, of $37.2 million (December 31, 2013: $31.7 million).

As at December 31, 2014, the Company had current liabilities of $8.1 million compared to $13.7 million at December 31, 2013. The reduction is largely due to lower Project related activity resulting from the cost saving initiatives.

Related Party Transactions

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. 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 has been 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 on the Minvest RM loans outstanding as at December 31, 2014 was US$39.5 million (December 31, 2013: US$39.5 million).

The above loans are non-interest bearing and 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 until such time as the repayment of the loans is more certain. Once there is certainty that the loans will be repaid, the loans and non-controlling interest component will be reflected individually in the Financial Statements, in accordance with IFRS.

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

At December 31, 2014 the Company had accrued resettlement liabilities totaling $4.2 million (December 31, 2013: $4.5 million), which represents both the cost of building the remaining new homes for the local residents and outstanding delay penalties.

The remaining homeowners who chose to resettle within Roșia Montană signed various extension contracts which expire in 2015. As a result of the delay in delivery of these homes, RMGC pays a penalty of up to 20% of the agreed upon unpaid property value per year of delay as required by the agreement. At December 31, 2014 the Company has accrued $0.1 million (December 31, 2013: $0.1 million) representing unpaid delay penalties to the 21 homeowners.

Contractual Obligations

The following is a summary of the Company's contractual capital and operating lease commitments as of December 31, 2014, including payments due for each of the next five years and thereafter:

in thousands of Canadian dollars	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 +**
Capital commitments							
Resettlement	519	295	224	-	-	-	-
Operating lease commitments							
Rosia Montană exploitation license	840	240	240	240	120	-	-
Surface concession rights	1,106	30	30	30	30	30	956
Property lease agreements	484	357	127	-	-	-	-
Total commitments	2,949	922	621	270	150	30	956

The Company and its subsidiaries have a number of agreements with arms-length 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 for convenience on notice periods ranging from 15 to 90 days. Upon termination, the Company has to pay for services rendered and costs incurred to the date of termination.

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 of mineral properties, benefits of future income tax assets, estimated useful lives of capital assets, valuation of stock based compensation, valuation of fidelity bonus 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 Placement. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly. The critical accounting estimates are not significantly different from those reported in previous periods.

Going Concern

The underlying 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. In respect of the permitting process for the Project, as highlighted earlier in this document and in the Financial Statements, on January 20, 2015 the Company issued a formal notification to the President and Prime Minister of Romania on behalf of the Group to engage formally in a process of consultation. The purpose of the Notice is to seek an amicable resolution to determining a clear and robust path forward for permitting and construction of the Project and which leads to the development of the Project for the benefit of all stakeholders. Gabriel has not yet initiated any application for arbitration to any international arbitration court.

In addition, the Project may be subject to sovereign risk, including political and economic instability, changes in existing fiscal regime, changes in existing 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, government regulations relating to mining which may withhold 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. Continued political, public, and NGO opposition to the Project; and the multitude of legal challenges to permits issued in respect of the Project demonstrate the significant risks that the Project faces.

The types of risks summarized above, if realized, may adversely affect the Group's ability to continue as a going concern and may result in the impairment or loss of all or part of the Group's assets.

The base budget for 2015 for the Project includes only those expenditures and commitments to maintain the value of the Company's investment in mineral properties, maintain the mineral license and support the key permitting processes through EIA approval. Once the EIA is approved, the cost for the acquisition of remaining surface rights, completion of the engineering control estimate, and higher activity to acquire all permits and approvals required to apply for construction permits will exceed the Company's current cash and cash equivalents holdings. The Company has no sources of operating cash flows and does not have sufficient cash to fund the development of the Project and therefore will require additional funding which, if not raised, would result in the curtailment of activities and Project delays.

Considering the risks listed above, management's balanced assessment of the Company (and the Project) is that it remains a going concern. The Company has been accounted for as a going concern in the Financial Statements for the year ended December 31, 2014.

Recoverability of mineral properties

The Company has determined that the area covered by the Roșia Montană exploitation license contains economically recoverable reserves. The ultimate recoverability of the $546.8 million carrying value at December 31, 2014 (December 31, 2013 $553.9 million) plus related capital assets is dependent upon the Company's ability to obtain the necessary permits and financing to complete the development and commence profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

As part of management's periodic review process, management reviews all aspects of Project advancement issues along with potential indicators of asset impairment when preparing the Financial Statements. When impairment indicators are identified, which are assessed at each reporting period, it is management's policy to perform an impairment test in accordance with IAS 36 – Impairment of Assets.

IFRS 6 permits all exploration costs incurred before a company has obtained the legal rights to explore a specific area, and before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, to be expensed in the year that they are incurred. Management has determined that, under IFRS, exploration expenditures should be expensed and only capitalized to Mineral Properties after the completion of a feasibility study.

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 will be in effect when the differences are expected to 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.

Tax authorities in Romania regularly initiate various tax audits to assess the appropriateness of the Company's tax filing positions. Regulators may interpret tax regulations differently than the Company, which may cause changes to the estimates made. The Company continues to vigorously pursue all tax claims which it believes are legally due.

All tax assessments which have been received have been paid and provided for in the Financial Statements.

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 the useful lives of assets reflect the intended use of those assets.

Valuation of stock based compensation

The Company utilizes stock options, DSUs and RSUs as a means of compensation. Stock 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 issue, 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 fidelity bonus and other benefits

Pursuant to a collective bargaining agreement between RMGC and its employees, which is renewable from time-to-time, employees of RMGC are entitled, under certain conditions, to a bonus based on years of uninterrupted service as well as other benefits relating to death. The obligation is determined using an actuarial basis and is affected by a number of assumptions and estimates. The actuarial valuation is performed annually, and management reviews the assumptions and estimates annually for appropriateness. An adjustment to the valuation has been recorded during the year ended December 31, 2014 to reflect the reduced workforce numbers following the 2014 employee redundancies.

Valuation of the Private Placement

The units issued by the Company on May 30, 2014 pursuant to the Private Placement consisted of convertible, subordinated, unsecured notes, warrants and arbitration value rights. 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 the convertible notes. The equity component of the convertible notes is recognized initially at the difference between the fair value of the Private Placement as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. A nil value has been initially ascribed to the arbitration value rights.

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 when managing capital is to safeguard its accumulated capital in order to fund development of the Project. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures. Following the issuance of the EP the Company will initiate a review of its financing requirements over the short and medium term. While the Company expects that it will be able to obtain equity, long-term debt and/or project-based financing sufficient to build and operate the Project, there are no assurances that these initiatives will 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. 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.

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 and are currently within expected collection terms.

Liquidity risk

The Group has sufficient funds as at December 31, 2014 to settle all current and long-term liabilities. Furthermore, 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.

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 sterling 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 December 31, 2014 the Group held 96% of its cash and cash equivalents in Canadian dollars.

The Company has not entered into any derivatives hedging activities.

Sensitivity

Based on management's knowledge and experience of the financial markets, the Company believes, based on its balance of cash and cash equivalents as at December 31, 2014, the following movements are "reasonably possible" over a twelve-month period:

- Cash and cash equivalents. A plus or minus 1% change in earned interest rates would affect net income by $0.4 million.
- The Company holds minor balances in foreign currencies and this gives rise to exposure to foreign exchange risk. A plus or minus 1% change in foreign exchange rates would affect net income by less than $0.1 million.

Risks

The following list details existing and future material risks to the business of the Group. The risks described 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.

Each of these risk factors is discussed in more detail in the Company's Annual Information Form, which is filed for public inspection on www.sedar.com.

- Political and Economic Risks of Operating in Romania
- Notice of Dispute and Potential Arbitration Claim
- Permitting Process
- Acquisition of Surface Rights and Resettlement
- Mineral Tenure Rights
- Legal Challenges
- Proposed Adverse Legislative Initiatives
- Tailings Incidents
- Closure of the State Run Mining Operations
- Compliance with Anti-Corruption Laws
- UNESCO World Heritage List
- Project Development
- Insurance and Uninsurable Risks
- Project Financing
- Convertible Notes
- Global Economic Conditions
- Dilution
- Mineral and Commodity Prices
- Currency Fluctuations
- Market Price Volatility
- Dependence on Management and Key Personnel
- Competition
- Enforcement of Civil Liabilities
- No History of Earnings or Dividends
- Mining Exploration and Development
- Mineral Reserve and Mineral Resource Estimates
- Environmental and other Regulatory Requirements
- Infrastructure
- 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 December 31, 2014 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 12-month period ended December 31, 2014 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 March 11, 2015 was:

	Outstanding
Common shares	384,149,500
Common stock options	28,635,278
Deferred share units - common shares	1,672,549
Restricted share units - common shares	269,935
Warrants	13,930,000
Convertible notes	27,895,000
Fully diluted share capital	**456,552,262**

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 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 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, labor, 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 MD&A. 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.

Gabriel Resources Ltd.

Consolidated Financial Statements

For the year ended December 31, 2014

Management’s Responsibility for Financial Reporting

The accompanying consolidated financial statements of Gabriel Resources Ltd. (“Gabriel” or the “Company”) have been prepared by the Company’s management (“Management”) in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and, where relevant, the choice of accounting principles. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Company’s Board of Directors has met with the Company’s independent auditor to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval.

The Company’s independent auditor, PricewaterhouseCoopers LLP, has conducted an audit in accordance with generally accepted auditing standards, and its report follows.

(Signed) ***“Jonathan Henry”***

Jonathan Henry
President and Chief Executive Officer

(Signed) ***“Max Vaughan”***

Max Vaughan
Chief Financial Officer

March 12, 2015

March 12, 2015

Independent Auditor's Report

To the Shareholders of
Gabriel Resources Ltd.

We have audited the accompanying consolidated financial statements of Gabriel Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated income statements and statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gabriel Resources Ltd. and its subsidiaries as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Consolidated Statement of Financial Position

As at December 31
(Expressed in thousands of Canadian dollars)

	Notes	**2014**	2013
Assets			
Current assets			
Cash and cash equivalents	7	**44,156**	42,123
Trade and other receivables	8	**154**	2,092
Prepaid expenses and supplies		**990**	1,146
Total current assets		**45,300**	45,361
Non-current assets			
Restricted cash	7	**493**	520
Property, plant and equipment	9	**55,447**	58,504
Mineral properties	10	**546,834**	553,923
Total non-current assets		**602,774**	612,947
TOTAL ASSETS		**648,074**	658,308
Liabilities			
Current liabilities			
Trade and other payables	11	**3,201**	8,711
Resettlement liabilities	12	**4,217**	4,510
Other current liabilities	13	**662**	455
Total current liabilities		**8,080**	13,676
Non-current liabilities			
Convertible unsecured notes	14	**29,416**	-
Other non-current liabilities	13	**1,552**	3,119
Total non-current liabilities		**30,968**	3,119
TOTAL LIABILITIES		**39,048**	16,795
Equity			
Share capital	16	**868,081**	868,081
Other reserves		**52,832**	53,352
Currency translation adjustment		**(35,216)**	(14,930)
Accumulated deficit		**(291,738)**	(264,990)
Equity attributable to owners of the parent		**593,959**	641,513
Non-controlling interest	18	**15,067**	-
TOTAL EQUITY		**609,026**	641,513
TOTAL EQUITY AND LIABILITIES		**648,074**	658,308

Nature of operations (Note 1)

Approved by the Board of Directors

(Signed) ***"Keith Hulley"*** **(Signed)** ***"David Peat"***

Keith Hulley
Director

David Peat
Director

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

Consolidated Income Statement

For the year ended December 31

(*Expressed in thousands of Canadian dollars, except per share data)*

	Notes	2014	2013
Expenses			
Corporate, general and administrative		**4,995**	5,076
Severance costs	19	**2,612**	-
Share-based compensation	13,17	**(2,826)**	2,022
Depreciation		**142**	164
Operating loss		**4,923**	7,262
Other (income) / expense			
Finance income		**(361)**	(534)
Finance costs - convertible note interest accretion	14	**2,164**	-
Foreign exchange loss / (gain)		**100**	(51)
Loss before income taxes		**6,826**	6,677
Income tax recovery	20	**-**	(4,187)
Loss for the year		**6,826**	2,490
Loss for the year attributable to:			
- Owners of the parent		**6,322**	2,490
- Non-controlling interest	18	**504**	-
Loss for the year		**6,826**	2,490
Loss per share (basic and diluted)	22	**$ 0.02**	$ 0.01

Consolidated Statement of Comprehensive Income

For the year ended December 31

(*Expressed in thousands of Canadian dollars)*

	Note	2014	2013
Loss for the year		**6,826**	2,490
Other comprehensive (income) / loss			
- may recycle to the Income Statement in future years			
Currency translation adjustment		**25,141**	(50,813)
Comprehensive loss / (income) for the year		**31,967**	(48,323)
Comprehensive loss / (income) for the year attributable to:			
- Owners of the parent		**26,608**	(48,323)
- Non-controlling interest	18	**5,359**	-
Comprehensive loss / (income) for the year		**31,967**	(48,323)

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

Consolidated Statement of Changes in Shareholders’ Equity

For the year ended December 31
(Expressed in thousands of Canadian dollars)

	Notes	**2014**	2013
Common shares			
At January 1		**868,081**	859,782
Shares issued on the exercise of share options	17	-	5,400
Transfer from contributed surplus - exercise of share options		-	2,739
Shares issued on redemption of DSUs	13	-	160
At December 31		**868,081**	868,081
Other reserves			
At January 1		**53,352**	52,813
Share-based compensation	17	**(6,176)**	3,278
Exercise of share options		-	(2,739)
Equity component of convertible notes, net of issue costs	14	**1,695**	-
Warrants, net of issue costs	14	**3,961**	-
At December 31		**52,832**	53,352
Currency translation adjustment			
At January 1		**(14,930)**	(65,743)
Currency translation adjustment		**(20,286)**	50,813
At December 31		**(35,216)**	(14,930)
Accumulated deficit			
At January 1		**(264,990)**	(262,500)
Loss for the year		**(6,322)**	(2,490)
Transfer of interest in Rosia Montana Gold Corporation	18	**(20,426)**	-
At December 31		**(291,738)**	(264,990)
Non-controlling interest			
At January 1		-	-
Transfer of interest in Rosia Montana Gold Corporation	18	**20,426**	-
Loss for the year		**(504)**	-
Currency translation adjustment		**(4,855)**	-
At December 31		**15,067**	-
Total shareholders' equity at December 31		**609,026**	641,513

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

Consolidated Statement of Cash Flows

For the year ended December 31
(Expressed in thousands of Canadian dollars)

	Notes	2014	2013
Cash flows used in operating activities			
Loss before income taxes		**(6,826)**	(6,677)
Items not affecting cash			
Depreciation		**142**	164
Share-based compensation		**(2,826)**	2,022
Convertible note interest accretion	14	**2,164**	-
Unrealized foreign exchange gain		**(73)**	(350)
Cash used in operations		**(7,419)**	(4,841)
RSU cash settlement		**(13)**	(70)
Net changes in non-cash working capital	26	**(229)**	137
Income taxes recovered	20	**-**	4,187
		(7,661)	(587)
Cash flows used in investing activities			
Exploration and development expenditures	26	**(18,617)**	(40,088)
Purchase of capital assets	9	**(44)**	(204)
Net changes in non-cash working capital	26	**(4,514)**	(1,222)
		(23,175)	(41,514)
Cash flows provided by financing activities			
Proceeds from issuance of private placement, net of issue costs	14	**34,557**	-
Finance charges on private placement	14	**(1,649)**	-
Proceeds from the exercise of share options	16	**-**	5,400
		32,908	5,400
Increase / (decrease) in cash and cash equivalents		**2,072**	(36,701)
Effect of foreign exchange on cash and cash equivalents		**(39)**	(141)
Cash and cash equivalents - beginning of year		**42,123**	78,965
Cash and cash equivalents - end of year	26	**44,156**	42,123

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

1. Nature of operations

Gabriel is a Toronto Stock Exchange listed Canadian resource company engaged in the exploration and development of mineral properties in Romania.

The Company is presently in the permitting stage in the development of its majority-owned Roșia Montană gold and silver project (the "Project"). Roșia Montană Gold Corporation S.A. ("RMGC") is the beneficial owner of, and holds an exclusive exploitation license for, the Project. Since obtaining the Project's exploitation license in 1999, RMGC along with Gabriel and its subsidiary companies (together the "Group") have been focused on identifying and defining the size of the four ore bodies, engineering to design the size and scope of the Project, environmental assessment and permitting, rescue archaeology and surface rights acquisitions.

The underlying value of the 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.

Following over fifteen years of investment in the Project, permitting of the Project continues to be stalled. On January 20, 2015, the Company issued a formal notification to the President and Prime Minister of Romania on behalf of the Group to engage formally in a process of consultation ("Notice"). The Notice has been issued pursuant to the provisions of international bilateral investment protection treaties, which the Romanian State has entered into with each of Canada, the Netherlands and the United Kingdom (together the "Treaties"). The Treaties exist as an encouragement and reciprocal protection of investments agreed between sovereign states, and each state offers various protections to foreign investors from the other state to give both parties to an investment confidence in their rights, the investment process and the expected outcomes. The purpose of the Notice is to seek an amicable resolution to determining a clear and robust path forward for permitting and construction of the Project and which leads to the development of the Project for the benefit of all stakeholders. Gabriel has not yet initiated any application for arbitration to any international arbitration court. However, in the event that Gabriel is unable to obtain satisfactory resolution of the issues under dispute, or if Romania does not take tangible steps to reach such an amicable settlement, the Group is prepared to present its claims to international arbitration, or pursue other available remedies, in order to compensate fully for its rights to develop the Project that have been denied by Romanian treaty violations.

In addition, the Project may be subject to sovereign risk, including political and economic instability, changes in existing fiscal regime, changes in existing 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, government regulations relating to mining, which may withhold 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. Continued political, public, and NGO opposition to the Project; and the multitude of legal challenges to permits issued in respect of the Project demonstrate the significant risks that the Project faces.

The types of risks summarized above, if realized, may adversely affect the Group's ability to continue as a going concern and may result in the impairment or loss of all or part of the Group's assets.

These consolidated financial statements have been prepared using IFRS applicable to a "going concern", which assume that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Following the issue of the Notice, Management remains of the view that the going concern presumption remains appropriate based upon, without limitation, the Group's financial resources and fundamental intent to develop the Project; Management will continue to review this presumption based upon future engagement with the applicable Romanian authorities. The Group has no sources of operating cash flows and does not have sufficient cash to fund the development of the Project and therefore will require additional funding which, if not raised, would result in the curtailment of activities and Project delays.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

1. Nature of operations (continued)

The timeline to build the Project is dependent on a number of factors which include both the permitting and financing processes.

The Company's registered address is Suite 200 – 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 3T2. The Company receives significant management services from its wholly-owned subsidiary, RM Gold (Services) Ltd. ("RMGS"). The principal place of business for RMGS is 16 Great Queen Street, London, WC2B 5DG, United Kingdom. The Company is the ultimate parent of the Group and does not have any controlling shareholders.

2. Statement of compliance

The Group prepares its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board.

The consolidated financial statements were approved by the Board of Directors on March 12, 2015.

3. Basis of preparation

The consolidated financial statements are prepared according to the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The accounting policies applied in the presentation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The consolidated financial statements include the accounts of the Company and the following subsidiaries, which are all part of the Group:

Entity name	**Group ownership**	**Place of incorporation**	**Functional currency**
Gabriel Resources (Barbados) Ltd.	100%	Barbados	Canadian dollar
Gabriel Resources (Netherlands) B.V.	100%	Netherlands	Canadian dollar
Gabriel Resources (Jersey) Ltd.	100%	Jersey	Canadian dollar
RM Gold (Services) Ltd.	100%	UK	UK pound sterling
Roșia Montană Gold Corporation S.A.	80.69%	Romania	Romanian leu
Rom AUR SRL	100%	Romania	Romanian leu
Gabriel Finance S.A.	100%	Romania	Romanian leu

There has been no change in the ownership structure of the Group during 2014.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Loans made by the Company to enable non-controlling interests to acquire their shareholding in RMGC are deemed to be part of the net investment in the subsidiary and are accordingly set off against non-controlling interest balances upon consolidation. See also Note 18.

5. 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 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 assets and liabilities, if any, at the date of the financial statements and the reported amount of expenses and other income for the year. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. Significant estimates and assumptions (other than going concern which is disclosed in Note 1) include the following:

Recoverability of mineral properties: Management considered the economics of the Project, including the latest gold and silver prices and long-term forecasts, sensitivities on construction costs and other variables which may impact the economic viability of the Project. Consideration was also given to the risk factors mentioned above (and in Note 1) and their potential impact on the economics of the Project.

Other accounting estimates: Other estimates included the valuation of the May 30, 2014 private placement (Note 14), benefits of future income tax assets and whether or not to recognize the resulting assets within the Consolidated Statement of Financial Position, estimated useful lives of capital assets, share compensation valuation assumptions, and determinations as to whether costs are expensed or capitalized.

While Management believes that these estimates and assumptions are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

6. Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise readily available cash at banks, cash on hand and other highly liquid short-term investments with maturity dates less than ninety days.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation of property, plant and equipment used for exploration and development is capitalized to mineral properties.

Depreciation is recorded using the straight-line method based on an estimated useful life of five years for vehicles and varying rates between two and five years for office equipment. Leasehold improvements are amortized on a straight-line basis over the term of the respective lease. Property, plant and equipment in construction are not depreciated until they are brought into productive use.

Where parts (components) of an item of property, plant and equipment have different useful lives or for which different depreciation rates would be appropriate, they are accounted for as separate items of property, plant and equipment.

6. Significant accounting policies (continued)

Exploration and evaluation costs

Exploration and evaluation costs are expensed as exploration costs in the Consolidated Income Statement until the determination of the technical feasibility and the commercial viability of the associated project. Exploration costs include costs directly related to exploration and evaluation activities in the area of interest. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when mineral reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. This determination is normally evidenced by the completion of a technical feasibility study.

Mineral properties and development expenditures

Once the technical feasibility study is completed, subsequent exploration and development expenses are capitalized in mineral properties. Engineering expenditures to design the size and scope of the Project, environmental assessment and permitting, rescue archaeology and surface rights acquisitions are capitalized in mineral properties. In addition, consultancy costs and other expenditures (including corporate costs) that are directly related to the advancement of Project permitting are also capitalized in mineral properties. Upon reaching commercial production, these capitalized costs will be transferred from development properties to producing properties on the Consolidated Statement of Financial Position and will be amortized using the unit-of-production method over the estimated period of economically recoverable reserves.

Associated with the mineral property, the Company has a resettlement program. Resettlement costs are transferred to mineral properties after the transfer of the legal title of the property is completed (Note 12).

Impairment of non-financial assets

Non-financial assets to be held and used by the Group are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Non-financial assets in construction, including the long lead-time equipment, that are not yet available for use are assessed for indicators of impairment at the end of each reporting period. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use, which is the present value of the future cash flows expected to be derived from an asset. Estimated future cash flows are calculated using estimated future commodity prices, mineral resources, and operating and capital costs, using appropriate discount rates. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (each a “cash–generating unit”).

An impairment loss recognized in prior periods to an asset or cash generating unit is reversed if there has been a change in the estimates used to determine the respective recoverable amount since the last impairment loss was recognized. The reversal of previously recognized impairment losses is limited to the original carrying value of the asset less any amortization which would have accrued since the last impairment loss was recognized.

Following the issue of the Notice, Management remains of the view that the value in use is appropriate for ongoing non-financial asset valuation as a result of the fundamental intent to develop the Project; Management will continue to review this presumption based upon future engagement with the applicable Romanian authorities.

6. Significant accounting policies (continued)

Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. These provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax risk free discount rate. The increase in the provision due to passage of time is recognized as interest expense.

On recognition of a provision, an addition is made to the asset category the provision relates to and amortized in the Consolidated Income Statement on a unit of production basis. The provision and related asset are adjusted for any change in estimates in subsequent periods.

At December 31, 2014 the Group has not incurred or committed to any provisions for environmental restoration related to the development of its mineral properties in Romania.

Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Canadian Dollar. The functional currency of each of the Company's subsidiaries is listed in Note 4. The consolidated financial statements are presented in Canadian dollars which is the Group's presentation currency.

(b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains or losses arising from the translation are included in the determination of losses in the current year.

(c) Group companies

The results and financial position of all entities in the Group that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- equity transactions are translated at the historical exchange rate;
- income and expenses for each income statement are translated at the exchange rate in effect on date of the transaction (or at average exchange rates for the reporting period); and
- all resulting exchange differences are recognized in other comprehensive (income) / loss and accumulated as a separate component of equity (currency translation adjustment).

6. Significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and reward of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Group classifies its financial instruments in the following categories:

Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Financial instruments in this category are recognized initially and subsequently at fair value.

Available-for-sale investments: Non-derivatives that are either designated in this category or not classified in any other category. Available-for-sale investments are initially recognized at fair value plus transaction costs and subsequently carried at fair value with changes in fair value recognized in other comprehensive loss.

Loans and receivables: Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade receivables, cash and cash equivalents and restricted cash, and are included in current assets due to their short term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the amount to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

Financial liabilities at amortized cost: Trade payables, accruals and other payables are classified as financial liabilities at amortized cost. Trade payables, accruals and other payables are initially recognized at the amount expected to be paid, less, when material, a discount to reduce the amount to fair value. Subsequently trade payables, accruals and other payables are measured at amortized cost using the effective interest rate method.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset (other than a financial asset classified at fair value through profit or loss) is impaired. If such evidence exists, the Group recognizes an impairment loss as follows:

Financial assets carried at amortized cost: The impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate.

Available-for-sale financial assets: The impairment loss is the difference between the acquisition cost of the asset and the fair value at the measurement date, less any prior impairment losses previously recognized in the statement of loss.

Impairment losses on financial assets carried at amortized cost and available-for-sale instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Loss per share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding. Diluted per share amounts are calculated using the treasury stock method whereby proceeds deemed to be received on the exercise of options and warrants in the per share calculation are assumed to be used to acquire common shares. Stock options not in-the-money at the time of calculation are deemed non-dilutive. Whilst the Group is in a loss position, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and has not been considered.

6. Significant accounting policies (continued)

Share based payments

The Company provides equity and cash settled share based compensation plans for the remuneration of its directors, officers, employees and consultants.

The fair value of the instruments granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the instruments are granted. The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is expensed over the vesting period using the graded vesting method of amortization. At each balance sheet date, the Company reviews its estimates of the number of options that are expected to vest based on the non-market vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Share-based compensation relating to share options is charged to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income or, for costs relating to personnel employed in Romania, capitalized to mineral properties on the Consolidated Statement of Financial Position over the vesting periods with corresponding adjustments to equity.

The Company has a Deferred Share Unit ("DSU") Plan under which qualifying participants receive certain compensation in the form of DSUs. On retirement or departure from the Company participants may, at their discretion, redeem their DSUs for common shares of the Company, cash, or a combination of common shares of the Company and cash. If the holder elects to settle the DSU in common shares, then the Company, at its sole discretion, can elect to pay the amount in common shares either purchased in the open market or issued from treasury.

The Company also has a Restricted Share Unit ("RSU") Plan under which qualifying participants may receive a portion of their compensation in the form of RSUs. Upon vesting, participants may, at their discretion, redeem their RSUs for common shares of the Company, cash, or a combination of common shares of the Company and cash.

Share-based compensation relating to DSUs and RSUs is calculated based on the quoted market value of the Company's common shares and charged to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income or, for costs relating to Group personnel employed in Romania, capitalized to mineral properties on the Consolidated Statement of Financial Position. The compensation cost and liability is adjusted each reporting period for changes in the underlying share price.

Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, plus any adjustment to taxes payable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences arising between the financial reporting and tax basis of assets and liabilities, and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized only to the extent that it is probable the assets will be realized in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current.

Lease payments

Payments made under operating leases are recognized in profit and loss on a straight-line basis over the term of the lease, or capitalized as part of mineral properties for leases directly related to projects in Romania.

6. Significant accounting policies (continued)

Employee benefits

Under successive collective bargaining agreements, which have fallen due for renewal from time-to-time between RMGC and its employees, under certain conditions, employees of RMGC are entitled to a bonus when celebrating various years of uninterrupted service as well as certain other benefits. The obligation is determined on an actuarial basis and is affected by a number of assumptions and estimates. The obligation is recorded as a liability and the expense is recorded in the Consolidated Income Statement or, for personnel employed in Romania, capitalized as part of mineral properties. In periods between the expiry of a collective bargaining agreement and the execution of a replacement agreement, Management uses historical agreement terms for determining the appropriate liability and expense.

Accounting standards and amendments

The following IFRS or IFRIC interpretations are effective for the first time for the financial year ended December 31, 2014:

- IAS 36; Impairment of Assets. The IASB has published 'Recoverable amount disclosures for non-financial assets' (amendments to IAS 36). These amendments to IAS 36, 'Impairment of assets', address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- IFRS 2; Share-based payment. The standard clarifies the definition of vesting conditions and applies to share-based payment transactions for grant dates on/after July 1, 2014.
- IFRS 8; Operating segments. The standard has been amended to require (i) disclosure of judgments made by a company’s management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segments are reported.
- IAS 24; Related party transactions. The standard has been amended to (i) revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements.
- IAS 19; Employee benefits. Defined benefit plans and employee contributions. The standard has been amended to clarify the application of IAS 19.
- IFRIC 21, Levies. Sets out the accounting for an obligation to pay a levy that is not income tax, with interpretation to address what the obliging event is that gives rise to the recognition of a liability to pay a levy.

The adoption of these new standards has not had a material impact on the results or disclosures of the Group.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following:

- 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.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

7. Cash and cash equivalents and restricted cash

	December 31 2014	December 31 2013
Cash at bank and on hand	**8,897**	6,954
Short-term bank deposits	**35,259**	35,169
Cash and cash equivalents	**44,156**	42,123
Restricted cash	**493**	520
	44,649	42,643

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Cash is readily available and is deposited at reputable financial institutions with high quality 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 December 31, 2014, the Group held $1.0 million equivalent in Romanian banks (2013: $4.5 million).

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

Restricted cash represents cash collateralization of environmental guarantees for future clean-up costs. In addition, in late 2013 the Romanian regional prosecutor's office in Ploiesti placed a restriction order on $0.3 million held in one of RMGC's Romanian bank accounts pending the outcome of an investigation into a Group of companies of which one was a former supplier to RMGC. The restricted amount represents the value of the goods procured from the supplier during 2012. RMGC is challenging the legality of the restriction and is continuing to cooperate fully with the Ploiesti prosecutor's office.

8. Trade and other receivables

	December 31 2014	December 31 2013
Trade and other receivables	**17**	34
VAT and sales taxes	**137**	2,058
	154	2,092

The carrying amounts of accounts receivable are denominated in the following currencies:

	December 31 2014	December 31 2013
UK pound sterling	**33**	84
Romanian leu	**121**	2,008
	154	2,092

As at December 31, 2014, no impairment has been recorded as the amounts outstanding are expected to be recovered in full (2013: Nil). None of the VAT receivables were past due (2013: Nil).

Notes to Consolidated Financial Statements

For the year ended December 31, 2014
(Amounts in thousands of Canadian dollars, unless otherwise stated)

9. Property, plant and equipment

	Office equipment	Building	Vehicles	Leasehold improvements	Construction in progress [1]	TOTAL
COST						
Balance - December 31, 2012	**4,335**	**3,069**	**1,455**	**282**	**48,028**	**57,169**
Additions	126	13	-	11	54	204
Disposals	(15)	-	(4)	-	-	(19)
Currency translation adjustment	335	307	141	-	4,699	5,482
Balance - December 31, 2013	**4,781**	**3,389**	**1,592**	**293**	**52,781**	**62,836**
Additions	40	-	-	4	-	44
Disposals	(362)	(70)	(459)	-	(483)	(1,374)
Currency translation adjustment	(137)	(125)	(53)	-	(1,839)	(2,154)
Balance - December 31, 2014	**4,322**	**3,194**	**1,080**	**297**	**50,459**	**59,352**
ACCUMULATED DEPRECIATION						
Balance - December 31, 2012	**2,419**	**79**	**940**	**84**	**-**	**3,522**
Depreciation	358	20	130	55	-	563
Disposals	(15)	-	(4)	-	-	(19)
Currency translation adjustment	157	9	100	-	-	266
Balance - December 31, 2013	**2,919**	**108**	**1,166**	**139**	**-**	**4,332**
Depreciation	317	19	125	64	-	525
Disposals	(355)	(14)	(458)	-	-	(827)
Currency translation adjustment	(77)	(4)	(44)	-	-	(125)
Balance - December 31, 2014	**2,804**	**109**	**789**	**203**	**-**	**3,905**
CARRYING AMOUNT						
At December 31, 2012	1,916	2,990	515	198	48,028	53,647
At December 31, 2013	1,862	3,281	426	154	52,781	58,504
At December 31, 2014	**1,518**	**3,085**	**291**	**94**	**50,459**	**55,447**

[1] *Amounts included in construction in progress are not subject to amortization.*

(Amounts in thousands of Canadian dollars, unless otherwise stated)

9. Property, plant and equipment (continued)

Construction in progress includes the following amounts:

	December 31 2014	December 31 2013
Resettlement site development costs	**4,399**	4,160
Long lead-time equipment	**46,060**	48,621
	50,459	52,781

Long lead-time equipment comprises crushing and milling equipment, which is not yet assembled nor used in production. These items have been procured in advance of production activities due to the nature of the procurement cycle and are currently stored in various warehouse locations outside of Romania, the main location being the port of Antwerp, Belgium. The storage is in accordance with both the original manufacturers' and current insurer's recommended storage requirements.

10. Mineral properties

	Rosia Montană
Balance - December 31, 2012	467,206
Development costs - additions [(1)]	41,119
Currency translation adjustment	45,598
Balance - December 31, 2013	553,923
Development costs - additions [(1)]	**16,023**
Currency translation adjustment	**(23,112)**
Balance - December 31, 2014	**546,834**

[(1)] *Mineral property additions of $16.0 million (2013: $41.1 million) is $2.6 million lower than the amount reported in the Consolidated Statement of Cash Flows of $18.6 million (2013: $40.1 million). The difference is attributed to a net adjustment of resettlement liabilities, non-cash charges for share based compensation and amortization (see details in Note 26).*

At December 31, 2014, the Group's principal asset was its 80.69% interest in the Project held indirectly through RMGC, which holds two mineral licenses in Romania, being the exploitation license for the Project and an expired exploration license for the Bucium property. The latter is subject to an application with the requisite authorities in order to upgrade into two separate exploitation licenses. Minvest Roșia Montană S.A. ("Minvest"), a Romanian state-owned mining company, holds the remaining 19.31% interest in RMGC. The Group holds the pre-emptive right to acquire the 19.31% non-controlling interest. The Company is required to fund 100% of all expenditures related to the exploration and development of these properties and holds a preferential right to recover all funding plus interest (other than on non-interest bearing loans) from future cash flows prior to the non-controlling shareholders receiving dividends.

Pursuant to the Project exploitation license, RMGC has the exclusive right to conduct mining operations at the Roșia Montană property for an initial term of 20 years expiring in June 2019, and thereafter with successive five-year renewal periods.

Summarized financial information for RMGC is provided in Note 27.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

11. Trade and other payables

	December 31 2014	December 31 2013
Trade payables	**830**	3,284
Payroll liabilities	**1,013**	2,671
Accrued expenses	**1,358**	2,756
	3,201	8,711

The carrying amounts of accounts payable and accrued liabilities are denominated in the following currencies:

	December 31 2014	December 31 2013
UK pound sterling	**298**	814
Canadian dollar	**559**	851
United States dollar	**168**	221
Euro	**75**	68
Romanian leu	**2,101**	6,757
	3,201	8,711

12. Resettlement liabilities

The Group has 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 Group 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 takes place, the cost of newly built houses is capitalized as construction in progress in property, plant and equipment. After the transfer of legal title of the property, the Group reduces the amounts capitalized as construction in progress and, at the same time, its resettlement liabilities. All resettlement associated costs will remain capitalized in mineral properties and amortized over the life of the mine once the Project moves into production.

At December 31, 2014, the Group had accrued resettlement liabilities totaling $4.2 million (2013 – $4.5 million), which represents the cost of building the remaining new homes for the local residents plus outstanding delay penalties.

The construction of 125 homes at the Recea resettlement site in Alba Iulia was completed in 2010. The Group has reviewed, and may continue to review, the technical merits for a further resettlement village to be built, as well as the process of obtaining permits for this resettlement site. The remaining 21 property owners who chose to resettle within Roșia Montană have signed various extension contracts which expire in June 2015.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

13. Other liabilities

(a) DSUs

	DSUs (000's)	Price per common share (dollars)	Value
Outstanding - December 31, 2012	574	2.36	1,354
Granted	65	1.58	103
Amortized[1]	5	8.20	41
Settled	(110)	1.45	(160)
Change in fair value			(922)
Outstanding - December 31, 2013	534	0.78	416
Granted	**579**	**1.15**	**665**
Change in fair value			**(636)**
Balance - December 31, 2014	**1,113**	**0.40**	**445**

[1] *The Company has granted certain DSUs with vesting conditions. The expense associated with these issuances is amortized over the determined vesting period.*

The Company has a DSU Plan under which qualifying participants can elect to receive certain compensation in the form of DSUs. DSUs are initially valued at the five-day weighted average market price of the Company's common shares at the date of issue, and are subsequently recorded at fair value based on the closing common share price at the end of each reporting period. The initial value assigned to the DSUs plus any subsequent change in the fair market value of the DSU liability at the end of each reporting period has been recorded in share based compensation expense except for costs relating to personnel working on projects in Romania, which are capitalized to mineral properties.

During the year ended December 31, 2014 the Company recorded a net expense of Nil (2013: net credit of $0.8 million) to share based compensation expense related to DSUs and capitalized Nil (2013: Nil). No DSUs were settled during the year (2013: $0.2 million).

(b) RSUs

	RSUs (000's)	Price per common share (dollars)	Value
Outstanding - December 31, 2012	47	2.36	110
Amortized[1]	21	5.77	122
Settled	(51)	1.93	(98)
Change in fair value			(121)
Outstanding - December 31, 2013	17	0.78	13
Amortized[1]	**233**	**0.96**	**225**
Settled	**(25)**	**0.51**	**(13)**
Change in fair value			**(135)**
Balance - December 31, 2014	**225**	**0.40**	**90**

[1] *The Company has granted certain RSUs with vesting conditions. The expense associated with these issuances is amortized over the determined vesting period.*

(Amounts in thousands of Canadian dollars, unless otherwise stated)

13. Other liabilities (continued)

(b) RSUs (continued)

The Company has a RSU Plan under which qualifying participants may receive a portion of their compensation in the form of RSUs. Upon vesting participants may, at their election, redeem their RSUs for common shares of the Company, cash, or a combination of common shares of the Company and cash. RSUs are measured and accounted for in the same way as DSUs.

During the year ended December 31, 2014 the Company recorded an expense of $0.1 million (2013: Nil) of share based compensation expense related to RSUs and capitalized Nil (2013: Nil). RSUs settled during the year, for cash, amounted to $0.01 million (2013: $0.1 million).

(c) Fidelity bonus and other benefits

	2014	2013
Balance accrued - January 1	**3,145**	2,642
Valuation adjustment	**(956)**	-
(Gain) / expense for the year		
- Interest cost	**102**	226
- Current service cost	**130**	100
- Curtailment	**(682)**	-
- Recognized actuarial loss / (gain)	**15**	(61)
Total (gain) / expense for the year[1]	**(435)**	265
Payments	**-**	(41)
FX adjustment	**(75)**	279
Balance - December 31	**1,679**	3,145

[1] *Fidelity bonus and other benefits relate to RMGC. As a result, all actuarially determined adjustments are capitalized to mineral properties.*

The fidelity bonus has formed part of collective bargaining agreements between RMGC and its employees. The key assumptions used in the annual actuarial evaluation to determine the fidelity bonus are as follows:

	December 31 2014	December 31 2013
Employee turnover rate (average based on model)	**1.2%**	3.5%
Years with full staff compliment	**18**	18
Years with 50% staff compliment	**6**	6
Weighted average inflation rate (applied discount rate)	**4.2%**	4.2%
Weighted average salary increase rates (above inflation)	**1.5%**	1.5%

The mortality and child birth rates utilized in the actuarial valuation for estimated male and female life expectancy and child birth benefits are the Romanian Mortality Tables 2009-2010 and National Life-Birth Rates for 2011 as issued by the Romanian National Institute of Statistics.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

13. Other liabilities (continued)

	December 31 2014	December 31 2013
Deferred share units	**445**	416
Restricted share units	**90**	13
Fidelity bonus and other benefits	**1,679**	3,145
Total other liabilities	**2,214**	3,574

Other liabilities are disclosed as:

	December 31 2014	December 31 2013
Current liabilities - Other liabilities	**662**	455
Non-current liabilities - Other liabilities	**1,552**	3,119
Total other liabilities	**2,214**	3,574

14. Private placement

On May 30, 2014 the Company completed a private placement with a number of existing shareholders (the "Private Placement"). 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. Each unit consists of:

- $1,000 principal amount of convertible, subordinated, unsecured notes with a coupon of 8% (the "Notes"). The Notes mature on June 30, 2019 and are convertible at any point prior to maturity, at the option of the holder, into common shares of the Company at a conversion price of $1.255 per common share. Interest on the Notes is payable in cash semi-annually commencing December 2014. The Company has the ability to issue common shares of the Company from treasury in the market to raise funds towards the settlement of the semi-annual interest payments, which are payable to the Note holders. In addition, subject to regulatory approval and other limitations, the Company may, at its option, repay all or a proportion of the principal amount of the Notes outstanding at maturity by issuing common shares of the Company at 95% of the volume weighted average trading price of the shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date of maturity;
- 398 common share purchase warrants (the "Warrants"), which entitle the holder to purchase one common share of the Company at a price of $1.674 at any time prior to June 30, 2019; and
- one arbitration value right ("AVR"), which entitles the holder, subject to certain limitations and exclusions, to a pro-rata proportion of up to 5% (capped at an aggregate of $130 million) of any amounts received by the Group pursuant to any settlement or arbitral awards irrevocably made in favour of the Group if bilateral investment treaty proceedings are instituted before June 30, 2019. The Company retains absolute discretion on whether to institute arbitration proceedings and if an arbitration filing is made, whether to settle or withdraw such filing, including the terms of any settlement or withdrawal.

The Private Placement is accounted for as a compound financial instrument. The debt component of the compound financial instrument is recognized initially at fair value of a similar liability that does not have an equity conversion option. The warrants are recorded at fair value. The other equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

14. Private placement (continued)

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.

Initial recognition

The accounting treatment applied for the initial measurement of the Private Placement was as follows:

	Gross allocation	**Financing fees**	**Net allocation**
Liability component of convertible debentures	29,272	371	28,901
Equity component of convertible debentures	1,716	21	1,695
Warrants	4,012	51	3,961
Arbitration value rights	-	-	-
Proceeds of private placement	35,000	443	34,557

The valuation of the debt component of the Notes is based on the net present value of future expected cash flows assuming no conversion of the Notes prior to maturity. The valuation of the conversion feature of the Notes, an equity component, is the difference between the gross proceeds of $35.0 million less the sum of the valuations determined for the debt component of the Notes and the Warrants. The Warrants are valued using the Black-Scholes valuation model. At the date of completion of the Private Placement the Company had not issued instituted arbitration proceedings; as a result the AVRs were determined to have an initial value of zero (within level 3 of the fair value hierarchy, as further described in Note 24(b)). Transaction costs and fees incurred that are directly attributable to the Private Placement have been capitalized and apportioned across the components of the units in proportion to the respective valuations.

The debt component of the convertible note is disclosed as a non-current liability. The discount rate used to determine the net present value of the debt component is based on the sum of an appropriate risk free rate and a risk premium that Management believes fairly represents the risk profile of the Group. The risk free rate is the yield on the benchmark Canadian Government bond that approximates to the remaining time to maturity of the Notes.

The key inputs used in determining the value of the Notes and Warrants set out in these Condensed Financial Statements are as follows:

- Discount rate 12.5%
- Volatility (based on historic nine-month volatility) 53.0%
- Remaining life (years) 5.0

There are two derivatives that are embedded within the Notes: a 'make-whole premium' to protect Note holders 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 discount of 95% of par at maturity. These two embedded derivatives were determined to have insignificant values at inception and at December 31, 2014 (within level 2 of the fair value hierarchy) and were accordingly not accounted for, but will be reassessed at future reporting dates.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

14. Private placement (continued)

Subsequent recognition

Interest and transaction costs are recognized by accreting the debt component to its face value over the term of the Note at an effective interest rate of 12.43%. The accounting for the various components of the Private Placement to December 31, 2014 is as follows:

	Note Debt	Note Equity	Warrants	Arbitration Value Right
Balance - December 31, 2013	-	-	-	-
Value on completion of Private Placement	28,901	1,695	3,961	-
Add: Debt component accretion	2,164			
Less: Interest payments	(1,649)			
Balance - December 31, 2014	**29,416**	**1,695**	**3,961**	**-**

The principal amount of the debt component of the Notes approximates the fair value of the debt as at December 31, 2014 (within level 2 of the fair value hierarchy).

Dilution of equity

As at December 31, 2014, assuming both (i) conversion of all the Notes and (ii) exercise of all the Warrants respectively issued pursuant to the Private Placement, the number of issued and outstanding common shares of the Company will increase by approximately 10.9%. Furthermore, the Company has the option to (A) issue common shares from treasury in the market to raise funds towards the settlement of the semi-annual interest payments which are payable in cash to the Note holders, and (B) repay all or a proportion of the principal amount of the Notes outstanding at maturity by issuing common shares of the Company at 95% of the volume weighted average trading price of the shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date of maturity, which respectively may result in further dilution.

15. Related party transactions

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

(a) Key Management includes executive and non-executive directors and executive officers. The compensation paid or payable to key Management is as follows:

	December 31 2014	December 31 2013
Salaries and other short-term employee benefits	**1,556**	1,593
Directors' fees [1]	**527**	613
DSUs and RSUs [2]	**871**	-
Share options [2]	**1,044**	1,409
Total	**3,998**	3,615

[1] *Certain non-executive directors elected during 2013 to receive DSUs in lieu of cash payments. The fair value at grant date is included in directors' fees.*
[2] *DSUs, RSUs and share options granted to key Management are fair valued at the grant date.*

(b) Related party transactions with Minvest are disclosed in Note 18.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

16. Share capital

Authorized:
Unlimited number of common shares without par value
Unlimited number of preferred shares, issuable in series, without par value

Issued:

	Number of shares (000's)	Amount
Balance - December 31, 2012	380,540	859,782
Shares issued on the exercise of share options	3,495	5,400
Shares issued on the exercise of DSUs	110	160
Transfer from contributed surplus - exercise of share options		2,739
Balance - December 31, 2013 and 2014	**384,145**	**868,081**

17. Common share options

The Company has an incentive stock option plan (the "Option Plan") which authorizes the Board of Directors to grant options to purchase common shares of the Company to directors, officers, employees and consultants. The exercise price of the options equals the five-day weighted average closing price of the common shares of the Company prior to the date of the option allotment. The majority of options granted vest over three years and are exercisable over five years from the date of issuance.

The maximum number of common shares issuable either as DSUs, RSUs or under the Option Plan is equal to 10% of the issued and outstanding common shares of the Company at any point in time.

As at December 31, 2014 common share options held by directors, officers, employees and consultants are as follows:

	Outstanding			Exercisable		
Range of exercise prices (dollars)	**Number of options (thousands)**	**Weighted average exercise price (dollars)**	**Weighted average remaining contractual life (years)**	**Number of options (thousands)**	**Weighted average exercise price (dollars)**	**Weighted average remaining contractual life (years)**
0.56 - 1.00	12,740	0.75	4.2	2,582	0.72	4.3
1.01 - 2.00	3,845	1.81	2.9	2,589	1.82	2.9
4.01 - 6.00	5,723	5.04	1.0	4,474	5.22	1.1
6.01 - 8.13	6,332	7.95	1.0	1,941	7.59	1.2
	28,640	3.34	2.7	11,586	3.85	2.2

The estimated fair value of common share options is amortized using graded vesting over the period in which the options vest, which is normally three years. For those options which vest on a single date, either on issuance or on meeting milestones (the "measurement date"), the fair value of these options is amortized using graded vesting over the anticipated vesting period.

The fair value of common share options granted to personnel working on development projects is capitalized over the vesting period.

Certain historical option grants have performance vesting conditions. The fair value of these options that vest upon achievement of milestones will be recognized and expensed over the estimated vesting period of these options. Adjustments resulting from the recalculation of the estimated vesting periods are recorded in the Consolidated Income Statement.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

17. Common share options (continued)

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

	Number of options (thousands)	Weighted average exercise price (dollars)
Balance - December 31, 2012	27,353	4.28
Options granted	4,545	1.33
Options expired	(6,264)	2.17
Options exercised	(3,495)	1.55
Balance - December 31, 2013	22,139	4.71
Options granted	**10,675**	**0.73**
Options forfeited	**(1,365)**	**5.81**
Options expired	**(2,809)**	**2.99**
Balance - December 31, 2014	**28,640**	**3.34**

During the year ended December 31, 2014, 10.7 million options were granted at a weighted average grant price of $0.73, of which 5.0 million vest on a milestone basis and the remaining 5.7 million vest over a three-year period. During the year ended December 31, 2013, 4.5 million options were granted at a weighted average grant price of $1.33, which vest over a three-year period.

The valuation of the common share options granted was calculated using a Black-Scholes valuation model with the following assumptions:

	December 31 2014	December 31 2013
Weighted average risk-free interest rate	**1.15%**	1.32%
Volatility of share price (over previous three year period)	**94%**	77%
Weighted average life of options (years)	**2.5**	3.3
Pre-vesting forfeiture rate	**5.0%**	5.0%
Weighted average fair value of awards ($)	**0.39**	0.66

As of December 31, 2014, the remaining fair value of options to be expensed is $1.2 million (2013: $4.7 million) and to be capitalized is $2.4 million (2013: $9.4 million). The fair value of share options expensed and capitalized during the year is as follows:

	December 31 2014	December 31 2013
Expensed	**(2,926)**	2,898
Capitalized	**(3,250)**	380

The reversal of share option expense during the year ended December 31, 2014 is a result of the effects of Project delays on the assumed or actual timing for the performance vesting conditions of certain share options.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

18. Non-controlling interest

	Rosia Montană Gold Corporation S.A.
Balance - December 31, 2012 and 2013	-
Transfer of interest to Minvest	20,426
Loss for the year	(504)
Currency translation adjustment	(4,855)
Balance - December 31, 2014	15,067

The Company has historically advanced loans totaling US$39.5 million to Minvest, the non-controlling shareholder of RMGC, to facilitate mandatory statutory share capital increases in RMGC. These loans, which remain outstanding at December 31, 2014, are non-interest bearing and 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 interests on the Consolidated Statement of Financial Position until such time as the repayment of the loans is more certain. Once there is certainty that the loans will be repaid, the loans and non-controlling interest components will be reflected individually.

In December 2013, the Group was required to recapitalize RMGC in order to comply with minimum 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 the non-controlling shareholder, 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.

19. Severance costs

During 2014, following dialogue with relevant unions, concerned authorities and other stakeholders, the employment contracts of approximately 400 RMGC employees, on both permanent and temporary contracts, equivalent to approximately 80 per cent of the RMGC workforce, were terminated. The aggregate severance cost for the affected employees, amounting to $2.6 million was paid during 2014, and has been included in the Consolidated Income Statement.

20. Income taxes

The following table reconciles the expected income tax at the Canadian statutory income tax rate to the amounts recognized in the Consolidated Income Statement.

	December 31 2014	December 31 2013
Current income tax expense	-	-
Deferred income tax (recovery) / expense on tax benefit		
- Previously unrecognised assets	-	(4,187)
Income tax recovery	-	(4,187)

During 2013, pursuant to a successful, final and irrevocable legal decision earlier in the year at Romania's Supreme Court of Justice, RMGC received $4.2 million from the Romanian fiscal authorities in respect of taxes, penalties and interest previously paid to the Romanian fiscal authorities by RMGC.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

20. Income taxes (continued)

The following table reconciles the expected income tax at the Canadian statutory income tax rate to the amounts recognized in the Consolidated Income Statement.

	December 31 2014	December 31 2013
Loss before income taxes	**6,826**	6,677
Income tax rate [(1)]	**30%**	30%
Income tax at statutory rates	**(2,048)**	(2,003)
Tax effects of:		
- Non-deductable items / permanent differences	**(848)**	607
- Unrecognised deferred tax assets	**2,896**	1,396
Recovery of prior year taxes	-	(4,187)
Income tax recovery	-	(4,187)

[(1)] The Income tax rate reflects the combined federal and provincial tax rates in effect in Yukon, Canada for each period shown.

The Group has the following unrecognized deductible temporary differences within Canada. The expected future cash flow will be determined by the future tax rates applicable in Canada when the assets are utilized.

	Canada		
	December 31 2014	December 31 2013	Expiry
Losses carried forward	**74,432**	79,014	2015-2034
Unclaimed share issue cost	**354**	-	No expiry
Capital assets	**1,388**	1,362	No expiry
Cumulative eligible capital expenditures	**13,328**	12,669	No expiry
Deductable temporary differences	**89,502**	93,045	

RM Gold (Services) Ltd has $3.6 million of unrecognized temporary differences in the United Kingdom (2013: $3.0 million), with no specified expiry date, to be carried forward for use against future profits.

RMGC has unrecognized temporary differences in Romania of $68.9 million (2013: $17.5 million). These differences could give rise to deferred tax assets at a future date. Losses carried forward, which are a component of the deductible temporary differences, amounted to $107.7 million (2013: $112.6 million), and have expiry dates between 2015 and 2019. RMGC has unrecognized temporary differences in relation to interest and foreign exchange losses on loans, the deduction of which is contingent on the achievement of certain debt to equity ratios, with no expiry date. Management is of the view that these interest and foreign exchange loss deductions have been applied in accordance with applicable fiscal regulations but there is a risk that some, or all, of these deduction claims, relating to loans converted to share capital, may be disallowed. No provision has been made for potential costs or liabilities to RMGC, if any, of such disallowance. To the extent that losses carried forward expire, or that interest and foreign exchange losses are disallowed as deductions to RMGC, the deferred tax position will be reassessed at that time.

The Group does not recognize deferred tax assets until such time as the recovery of the taxes is probable.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

21. Commitments and contingencies

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

	Note	Total	2015	2016	2017	2018	2019	Thereafter
Capital commitments								
Resettlement construction	a	519	295	224	-	-	-	-
Operating lease commitments								
Rosia Montană exploitation license	b	840	240	240	240	120	-	-
Surface concession rights	c	1,106	30	30	30	30	30	956
Lease agreements	d	484	357	127	-	-	-	-
Total commitments		2,949	922	621	270	150	30	956

(a) RMGC has contracted building services for the construction of houses in Recea, Alba Iulia for resettlement of residents of the Project area. Construction activities were largely completed as at December 31, 2014. The contracts are 'arms-length' agreements with unrelated third parties.

(b) Under the terms of the Group's exploitation mineral license for the Project, an annual fee is required to be paid to maintain the license in good standing. The current annual fee is approximately $0.3 million. These fees are indexed annually by the Romanian Government until expiry, which is currently June 2019 subject to further prospective renewals.

(c) RMGC has approximately 40 years remaining on concession agreements with the Local Councils of Roșia Montană and Abrud by which it is granted exploitation rights to property located on and around one of the Project's proposed open pits for an annual payment of $30,000.

(d) The Group has entered into agreements to lease premises for various periods. The annual rent of premises consists of minimum rent plus realty taxes, maintenance and in certain instances utilities.

RMGC is involved in various legal proceedings, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions will not, in the opinion of Management, materially affect the Company's financial position, results of operations or cash flows. As at December 31, 2014, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect, but may result in further delays in progressing the Project.

22. Loss per share

	December 31 2014	December 31 2013
Loss for the year attributable to owners of the parent	**6,322**	2,490
Weighted-average number of common shares (000's)		
Basic number of shares	**384,145**	383,193
Basic and diluted loss per share	**$ 0.02**	$ 0.01

While the Company is in a loss making position, the effect of potential share issuances under share options, deferred and restricted share units and warrants would be anti-dilutive. Diluted earnings per share are therefore deemed to be the same as basic earnings per share.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

23. Segmented 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 one operating segment: the exploration, evaluation and development of precious metal mining projects located in Romania ('Mining'). The rest of the entities within the Group are Grouped into a secondary segment ('Corporate').

The segmental report is as follows:

	Mining		**Corporate**		**Total**	
For the year ended December 31,	**2014**	2013	**2014**	2013	**2014**	2013
Reportable items in the Consolidated Statements of Loss and Comprehensive Loss						
Finance income	-	-	**(361)**	(534)	**(361)**	(534)
Finance costs - convertible note accretion	-	-	**2,164**	-	**2,164**	-
Amortization	-	-	**142**	164	**142**	164
Reportable segment loss	**2,612**	(4,187)	**4,214**	6,677	**6,826**	2,490
As at December 31,	**2014**	2013	**2014**	2013	**2014**	2013
Reportable segment in Consolidated Statement of Financial Position						
Reportable segment current assets	**1,711**	7,510	**43,589**	37,851	**45,300**	45,361
Reportable segment non - current assets	**602,671**	612,735	**103**	212	**602,774**	612,947
Reportable segment liabilities	**(7,997)**	(14,413)	**(31,051)**	(2,382)	**(39,048)**	(16,795)

The Group's non-current assets, with the exception of certain items of long lead-time equipment (Note 9), are predominantly located in Romania.
It is assumed that all mineral property assets relate to the Mining segment.

24. Financial instruments

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

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 that are held in investment accounts with Canadian banks and invested in Canadian sovereign debt. The Group has adopted an investment strategy to minimize its credit risk by investing in sovereign debt (primarily issued by Canada, subject to availability) with the balance of cash being invested on short-term overnight deposit with the major Canadian banks.

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 activities.

The Group's credit risk is also attributable to value-added taxes receivable. Value-added taxes receivable are primarily collectable from the Romanian government.

Liquidity risk

The Group has sufficient funds as at December 31, 2014 to settle all current and long-term liabilities. As at December 31, 2014 the Group had no sources of operating cash flows and does not have sufficient cash to fund the development of the Project and therefore will require additional funding which, if not raised, would result in the curtailment of activities and Project delays.

Market risk

(a) Interest rate risk

The Group has significant cash balances and fixed interest rate debt in the form of convertible notes. With the Group maintaining a short-term investment horizon, typically less than 3 months, for its cash and cash equivalents, it minimizes the risk of interest rate volatility as investments mature and are rolled over.

With a short-term investment horizon and the intent to hold all investments until maturity, the 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 favour of capital preservation.

The interest rate attributable to the convertible notes is a fixed interest rate for the period of the instrument and is therefore not subject to market fluctuations.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

24. Financial instruments (continued)

(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 denominated in Romanian Leu, US dollars, UK pounds sterling 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 economic and market volatility. The Group currently endeavours to keep the majority of its cash, cash equivalents, and short-term investments in Canadian dollars.

Financial instruments

The Group's financial assets consist of cash and cash equivalents, trade and other receivables and prepaid expenses, all of which are classified as loans and receivables. The Group estimates that their fair values approximate their carrying values.

The Group's financial liabilities consist of trade and other payables, resettlement liabilities, and convertible notes (Note 14), which are amortized at cost, and other liabilities which are fair valued through profit and loss (Note 13).

The following table illustrates the classification of the Group's financial instruments, which are measured at fair value on a recurring basis, within the fair value hierarchy as at December 31, 2014:

	Financial assets and liabilities at fair value as at December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	44,649	-	-	**44,649**
Other liabilities	(535)	-	(1,679)	**(2,214)**
	44,114	-	(1,679)	**42,435**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fidelity bonus, which is the level 3 component of other liabilities, is valued according to an annual actuarial evaluation. The assumptions used in the evaluation are listed in Note 13.

Sensitivity analysis

As of December 31, 2014 the carrying amount of the financial instruments equals fair market value. Based its knowledge and experience of the financial markets, Management believes, based on the balance of cash and cash equivalents as at December 31, 2014, the following movements are 'reasonably possible' over a twelve-month period:

- A plus or minus 1% change in earned interest rates would affect finance income by $0.4 million.
- The Group holds minor balances in foreign currencies, which gives rise to exposure to foreign exchange risk. A plus or minus 1% change in foreign exchange rates would affect net income by less than $0.1 million.

(Amounts in thousands of Canadian dollars, unless otherwise stated)

25. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and fund development of the Project, in order to provide returns for shareholders and benefits for other stakeholders. The Group manages, and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures.

In order to maintain or adjust the capital structure, the Group has, when required, raised additional capital from shareholders. The Group has not paid dividends, nor returned capital to shareholders to date. At December 31, 2014 the Group's debt consisted of the Notes (Note 14) with an original maturity of five years. To safeguard capital the Group invests its surplus cash and cash equivalents in highly liquid, highly rated financial instruments.

While the Group expects that it will be able to obtain equity, long-term debt and/or alternative financing sufficient to build and operate the Project, there are no assurances that these initiatives will be successful.

With the exception of minimum capital requirements pursuant to general company law, the Group is not subject to any other externally imposed capital requirements.

26. Supplemental cash flow information

	December 31 2014	December 31 2013
(a) Net changes in non-cash working capital		
Operating activities:		
Accounts receivable, prepaid expenses and supplies	**134**	(97)
Accounts payable and accrued liabilities	**(475)**	234
Unrealized foreign exchange gain on working capital	**112**	-
	(229)	137
Investing activities:		
Accounts receivable, prepaid expenses and supplies	**1,960**	(448)
Accounts payable and accrued liabilities	**(6,474)**	(774)
	(4,514)	(1,222)
(b) Exploration and development expenditures		
Balance sheet change in mineral properties excluding CTA	**(16,023)**	(41,119)
Reclassification of mineral properties from work in progress	**483**	-
(Decrease) / increase in resettlement liabilities	**(293)**	252
Non-cash depreciation and disposal capitalized	**447**	399
Share based compensation capitalized	**(3,231)**	380
Exploration and development expenditures per cash flow statement	**(18,617)**	(40,088)
(c) Cash and cash equivalents is comprised of:		
Cash	**8,897**	6,954
Short-term investments (less than 90 days) - weighted average interest of 0.87% (2011 - 0.92%).	**35,259**	35,169
	44,156	42,123

(Amounts in thousands of Canadian dollars, unless otherwise stated)

27. Summarized financial information of subsidiary with non-controlling interest

RMGC is the Group's only subsidiary with a non-controlling interest, as summarized further in Note 18. The summarized financial statements of RMGC are as follows:

Summarized statement of financial position

As at December 31	2014	2013
Current assets	**958**	6,352
Non-current assets	**655,575**	622,341
Total assets	**656,533**	628,693
Current liabilities	**(2,234)**	(6,744)
Non-current liabilities	**(564,991)**	(490,677)
Total liabilities	**(567,225)**	(497,421)

Summarized statement of comprehensive income

For the year ended December 31	2014	2013
Operating loss	**2,612**	-
Income tax recovery	**-**	(4,187)
Loss / (profit) for the year	**2,612**	(4,187)
Other comprehensive loss / (income) (Currency translation adjustment)	**25,141**	(50,813)
Comprehensive loss / (income) for the year	**27,753**	(55,000)

Summarized statement of cash flows

For the year ended December 31	2014	2013
Net cash (utilized) / provided by operating activities	**(2,612)**	4,187
Net cash utilized by investing activities	**(6,005)**	(177,625)
Net cash provided by financing activities	**5,262**	175,450
Net (decrease) / increase in cash and cash equivalents	**(3,355)**	2,012