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”) and its subsidiary companies (together the “Group”) *as at and for the three-month periods ended March 31, 2019 and 2018.*

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto of the Company as at and for the three-month periods ended March 31, 2019 and 2018 (“Financial Statements”). The Financial Statements have been prepared in condensed format in accordance with International Financial Reporting Standards (“IFRS”) as applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34 (‘Interim Financial Reporting’). The Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company as at and for the year ended December 31, 2018, which have been prepared in accordance with IFRS. All amounts included in the MD&A are in Canadian dollars (“$”), unless otherwise specified. This report is dated as of May 14, 2019, and the Company’s public filings can be reviewed on the SEDAR website (www.sedar.com).

This MD&A contains forward-looking statements about the Company’s objectives, strategies, financial condition, operations and businesses within the Group. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based upon the beliefs, expectations, reasonable investigation and opinions of Management as of the date of this MD&A. All forward-looking statements, including those not specifically identified herein are made subject to the cautionary language beginning on page 24. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

Overview

Gabriel is a Canadian resource company with its common shares (“Common Shares”) listed on the TSX Venture Exchange (“Exchange”) which, for many years, was focused principally on the exploration and development of the Roșia Montană gold and silver project in Romania (the “Project”). The Project, one of the largest undeveloped gold deposits in Europe, is situated in an area known as the Golden Quadrilateral in the South Apuseni Mountains of Transylvania, Romania, an historic and prolific mining district that since Roman times has been mined intermittently for over 2,000 years.

The exploitation concession license for the Project (“License”) is held by Roșia Montană Gold Corporation S.A. (“RMGC”), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roșia Montană S.A. (“Minvest RM”), a Romanian State-owned mining company.

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

On July 21, 2015, the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together "Claimants"), filed a request for arbitration ("Arbitration Request") before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against the Romanian State (the "Respondent") pursuant to the bilateral investment protection treaties which the Romanian Government has entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties") ("ICSID Arbitration"). The original presiding tribunal for the ICSID Arbitration ("Tribunal") was constituted on June 21, 2016. In April 2018, the Tribunal was reconstituted following the appointment of Professor Pierre Tercier as President of the Tribunal. Information on the key milestones to-date in the ICSID Arbitration process are given below.

In light of the continued absence of any positive engagement by the Romanian State since the Arbitration Request, the ICSID Arbitration has become the Company's core focus. Accordingly, any information set out below and elsewhere in this MD&A relating to the Project, the License, the Group's exploration and development activities in Romania and the Project approval and permitting process is for background purposes only and should not be interpreted as being indicative of the Company's expectations as at the date of this document regarding the future development of the Project.

ICSID Arbitration

In reliance on numerous representations made and actions taken by the Romanian authorities and in the reasonable expectation that the Project would be evaluated in accordance with the law and reasonable technical standards and, ultimately, on its merits, the Claimants have invested over US$700 million to maintain and develop the Project in accordance with all applicable laws, regulations, licenses, and permits. However, having encouraged the Claimants' investment in the Project, and also in defining mineral deposits at the Rodu-Frasin (epithermal gold and silver) site and reviewing the Tarniţa (porphyry copper-gold) site, both within the Bucium area located in the vicinity of Roşia Montană ("Bucium Projects"), the Romanian State has frustrated and prevented the implementation of those developments in an unlawful, discriminatory and non-transparent manner, and ultimately abdicated the responsibility to make decisions on the permitting of the Project.

As a consequence of Romania's acts and inactions, the Project has been stymied, depriving the Claimants of the use, benefit and entire value of their property rights associated with the Project and the Bucium Projects, which have effectively been taken without compensation in contravention of the applicable legal and administrative processes and requirements.

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

Status of the ICSID Arbitration

To date, and in accordance with the procedural timelines established by the Tribunal, the parties have exchanged a number of substantial written submissions in the ICSID Arbitration as summarized below:

- The Claimants filed their memorial on the merits of the claim ("Memorial") on June 30, 2017 detailing, amongst other things, the factual and legal arguments supporting their claim against Romania and the quantum of the damages sustained.
- On February 22, 2018, the Respondent filed its counter-memorial ("Counter-Memorial") in response to the Memorial.
- On May 25, 2018, the Respondent filed a supplementary jurisdictional objection with ICSID ("Jurisdictional Challenge") challenging the jurisdiction of the Tribunal to hear the claims presented by Gabriel Jersey;
- On November 2, 2018, the Claimants submitted their reply ("Reply") to the Counter-Memorial and the Jurisdictional Challenge; and
- On February 28, 2019, the Claimants and the Respondent filed their comments on an amicus curiae submission to the Tribunal by certain non-governmental organizations (or "non-disputing parties") who have opposed the Project for many years.

2019 will be another critical year for the ICSID Arbitration. The schedule established by procedural orders of the Tribunal ("Procedural Orders") prescribes the following future key dates for 2019:

- Romania to file its response to the Reply ("Rejoinder") and its reply on the Jurisdictional Challenge, the Respondent's final substantive submission, by May 24, 2019.
- Gabriel to file its surrejoinder on the Jurisdictional Challenge by June 28, 2019.
- The Tribunal to hold a hearing on the merits of the claim in Washington D.C. from December 2 to 13, 2019.

Following a process prescribed by the Procedural Orders, redacted versions of the Memorial, the Counter-Memorial and the Reply were published on the ICSID website on July 11, 2018, October 2, 2018 and February 8, 2019, respectively. A copy of the Jurisdictional Challenge submission is also available on the ICSID website.

A summary of the procedural aspects of the ICSID Arbitration, together with copies of the Procedural Orders issued by the Tribunal, are also available on ICSID's website.

RMGC Audits and Investigations

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

RMGC was served with a decision by ANAF assessing a liability for value-added-tax (“VAT”) in the amount of RON 27m (approximately $8.6m) on July 5, 2017 (the “VAT Assessment”). The assessment relates to VAT refunds previously claimed and received by RMGC from the Romanian tax authorities in respect of RMGC’s purchase of goods and services from July 2011 to December 2015.

On August 9, 2017, RMGC challenged the validity of the VAT Assessment before the ANAF Directorate-General for the Settlement of Complaints. On April 5, 2018, RMGC initiated an action before the Alba Iulia Court of Appeal (Division for Administrative and Tax Claims) seeking the annulment of the VAT Assessment. On February 6, 2019, the Alba Court of Appeal ruled in favour of RMGC’s annulment challenge of the VAT Assessment. On February 28, 2019, RMGC received a copy of the Alba Iulia Court of Appeal’s written decision. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date has yet been set. RMGC is contesting this appeal.

RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal on August 10, 2017. On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC’s request, pending the determination of RMGC’s annulment challenge of the VAT Assessment. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice. On February 28, 2019, the High Court of Cassation and Justice dismissed ANAF’s appeal and, accordingly, the stay of enforcement remains in effect.

Further to the VAT Assessment, and notwithstanding the Court of Appeal’s decision of October 2, 2017, RMGC received a further demand from ANAF in respect of interest and penalties related to the VAT Assessment for RON 18.6 million (approximately $6.0 million) on October 23, 2017. The Company is advised by counsel that the enforcement of such demand for interest and penalties is also stayed by the Alba Iulia Court of Appeal’s decision.

The Company believes the VAT Assessment is fundamentally flawed and abusive. Further, the Company believes that the procedure followed by ANAF to arrive at the VAT Assessment, and the subsequent interest and penalties, was improper and unlawful and that the VAT Assessment conflicts with Romanian fiscal laws as well as the mandatory applicable principles of EU law. Following notification that ANAF has filed an appeal against the February 6, 2019 decision of the Alba Iulia Court of Appeal, the Company intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets.

In parallel with the VAT Assessment, and for over three years as of the date of this MD&A, a separate directorate of ANAF has continued to pursue an ad hoc investigation covering a broad range of operational activities and transactions of RMGC, and a number of its suppliers, consultants and advisors, over an extensive period spanning 1997 to 2016 (the "ANAF Investigation"). Although RMGC is co-operating in good faith with ANAF, as at the date of this MD&A Gabriel still awaits formal indication of the grounds for the ANAF Investigation and neither the Company nor RMGC has received any feedback on its status.

Other Recent Developments

Extension of the License

As described above, RMGC holds the License for the Project. The Romanian Government approved the License on June 10, 1999, and it entered into force for a term of 20 years calculated as of June 21, 1999. Accordingly, the initial term of the License for the Project is due to expire on June 21, 2019. RMGC, as the titleholder of the License, has the right to extend the term of the License for successive subsequent five-year periods. In March 2019, RMGC submitted an application to the Romanian National Agency for Mineral Resources ("NAMR") requesting the extension of the term of the License for a further period of five years. RMGC awaits the approval of the extension application by NAMR.

Funding

As previously announced, on January 15, 2019, the Company completed closing of a non-brokered private placement (the "December 2018 Private Placement") of 106,425,847 units of the Company (the "Units") to certain existing securityholders. Each Unit consists of one Common Share and one Common Share purchase warrant (Warrant") and was issued by the Company at a price of $0.2475 per Unit for gross proceeds of US$20 million (approximately $26.3 million). Each Warrant entitles the holder to acquire one Common Share at an exercise price of $0.49 at any time within five years of issuance. Notwithstanding, the Group will require additional funding to maintain its primary assets, including its License and associated rights and permits, and to fund the estimated costs associated with the Company advancing the ICSID Arbitration.

Management Changes

The Company's current Chief Financial Officer ("CFO") Mr. Max Vaughan became part time in his role from October 2017 and recently confirmed his intention to resign from Gabriel's wholly owned subsidiary RM Gold (Services) Ltd. ("RMGS"). Mr. Richard Brown, who is currently Chief Commercial Officer and Corporate Secretary, has agreed to undertake the duties and responsibilities of the CFO role and the Board has formally appointed him to that position effective from June 1, 2019. Allied to this change, Mr. Simon Lusty, the Group General Counsel, will replace Mr. Brown as Corporate Secretary and has been appointed by the Board to that position, effective May 16, 2019. The Board wishes to put on record its thanks and appreciation for the contribution made to Gabriel by Mr. Vaughan since he joined the Group in 2011. Mr. Vaughan has agreed to continue to act as a consultant in connection with the ongoing ICSID Arbitration case.

Long Lead-Time Equipment

Long lead-time equipment comprised of crushing and milling equipment was originally procured by the Group between 2007 and 2009 for the operational phase of the Project. The prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is now considered remote.

Due to the status of the Project and the ongoing ICSID Arbitration, in December 2015, the Company formally engaged two specialist agents to broker the sale of this equipment ("LLTE").

During Q3 2016, the Group sold a gyratory crusher plus spares for net proceeds of US$1.5 million (approx. $2.0 million). On May 4, 2018 the Group sold a ball mill plus spares for net proceeds of US$3.3 million (approx. $4.3 million). The Company continues, through its agents, to procure the sale of the remaining long lead-time equipment.

During the quarter ended March 31, 2019, the carrying amount of the remaining long-lead time equipment was assessed for indicators of impairment and Management deemed it appropriate not to record an impairment charge.

Legal Challenges in Romania

Gabriel determined in 2015 that RMGC should withdraw from a number of legal actions related to the Project, the majority of which concerned claims of third party non-governmental organisations challenging administrative deeds issued by public authorities, given, amongst other matters, the commencement of the ICSID Arbitration and the ongoing requirement for the Group to reduce its cost base. RMGC has now withdrawn from all such legal proceedings.

Notwithstanding the foregoing, RMGC has continued to defend a limited number of claims initiated by certain former employees seeking additional severance payments and certain individuals seeking damages allegedly arising from the impact of the resettlement of some of the community on such claimants' businesses and RMGC's activities in the area. The Company considers that these claims are without merit and to date the majority of these claims have been rejected by the Romanian courts.

During the first quarter of 2019, and save as disclosed above in the section entitled "*RMGC Audits and Investigations*", there were no material developments in any legal proceedings involving the Group.

Outlook

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

- the advancement of the ICSID Arbitration;
- securing additional funding;
- securing the extension of the License;
- carefully managing its cash resources (including the disposition of the remaining long lead-time equipment acquired for the Project); and

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

Liquidity and Capital Resources

Cash and cash equivalents at March 31, 2019 were $16.7 million.

The Company's average monthly cash usage during Q1 2019 was $2.6 million (Q4 2018: $4.8 million). The higher cash usage in Q4 2018 was due principally to the significant legal and other advisory services required by the Company for the preparation and submission of the Reply in November 2018. At the end of Q1 2019, accruals for costs in respect of the ICSID Arbitration amounted to $0.3 million (Q4 2018: $1.8 million). The reduction in accruals in Q1 2019 was due principally to the lack of Arbitration related activity in the period.

The Company believes that it has sufficient sources of funding to cover its planned activities through November 2019. Management is currently planning to raise additional financing in 2019 and continues to review the Company's activities in order to identify areas to rationalize expenditures.

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	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Income Statement				
Loss - attributable to owners of parent	7,732	12,665	17,176	13,794
Loss per share - basic and diluted	0.02	0.03	0.04	0.04
Statement of Financial Position				
Working capital	13,858	12,573	2,804	18,090
Total assets	26,153	26,893	20,115	33,464
Statement of Cash Flows				
Cash flows from financing activities	6,324	19,828	-	-

in thousands of Canadian dollars, except per share amounts	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Income Statement				
Loss - attributable to owners of parent	6,931	7,431	7,247	13,657
Loss per share - basic and diluted	0.02	0.02	0.02	0.04
Statement of Financial Position				
Working capital	22,625	27,018	32,182	37,347
Total assets	44,410	47,300	53,461	62,159
Statement of Cash Flows				
Cash flows from financing activities	-	(24)	-	-

Review of Financial Results

in thousands of Canadian dollars, except per share amounts	**3 months ended March 31** **2019**	2018
Operating loss for the period	**5,740**	5,362
Loss for the period		
- attributable to owners of parent[1]	**7,732**	6,931
Loss per share - basic and diluted	**0.02**	0.02

[1] The transfer by the Company of equity in RMGC to Minvest RM during Q1 2014 resulted in the presentation of a non-controlling interest, as set out in the Financial Statements.

Operating loss for the three-month period ended March 31, 2019 benefitted from lower costs related to the ongoing ICSID Arbitration, which were $1.2 million in the current quarter versus $2.2 million in the 2018 comparable quarter. The higher costs in 2018 were due to higher activity levels in the analysis of the respondent's Counter-Memorial. This favourable variance was more than offset by higher share based compensation costs in the period ($1.4 million) compared to the same period in 2018 ($0.1 million). The increase in share based compensation costs is due to the issue of incentive stock options ("Options") to employees in the period which included Options in relation to long term incentive compensation from 2018.

Loss for the three-month period ended March 31, 2019 was principally as a result of operational expenditures of $4.3 million (2018: $5.3 million) including $1.4 million (2018: $1.4 million) of Group payroll costs, as further described in commentary on corporate, general and administrative expenses below. The loss also includes $2.1 million of finance costs in the three-month period to March 31, 2019 (2018: $1.9 million) relating to the accretion expense on the convertible notes issued as part of units offered in private placements by the Company in 2014 and 2016 ("2014 and 2016 Private Placements") as described in the Financial Statements.

Expenses

Corporate, General and Administrative

in thousands of Canadian dollars	**3 months ended March 31** **2019**	2018
Payroll	**1,370**	1,389
ICSID Arbitration related	**1,169**	2,239
Community relations	**240**	125
Travel and transportation	**228**	127
Finance	**193**	196
Property and exploration taxes	**173**	174
Long lead-time equipment storage costs	**150**	242
Office rental and utilities	**129**	137
Information technology	**108**	84
Legal	**102**	261
External communications	**42**	64
Other	**385**	216
Corporate, general and administrative expense	**4,289**	5,254

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

ICSID Arbitration related expenses are for legal and other services provided to the Company in respect of the ICSID Arbitration which, for the three-month period ended March 31, 2019, were approximately $1.2 million. The decrease compared to the corresponding 2018 period is due to the significantly higher activity levels in the 2018 review of the Respondent's Counter-Memorial.

Total payroll costs for the three-month period ended March 31, 2019 are in line with the corresponding 2018 period.

Long lead-time equipment costs for the three-month period ended March 31, 2019 are lower than the corresponding 2018 period as a result of the sale of one of the ball mills in 2018 and the reorganization of substantially all of the remaining equipment to one storage location in Belgium.

Legal expenses include ongoing corporate legal advice within the Group, in particular in response to the ANAF investigations.

Stock Based Compensation

	3 months ended March 31	
	2019	2018
Stock option compensation		
Number of stock options granted	**5,131,029**	101,684
Average value ascribed to each regular vesting option granted	**$ 0.36**	$ 0.38
DSU compensation		
Number of DSUs issued	**130,870**	111,347
Average value ascribed to each DSU issued	**$ 0.33**	$ 0.38

With effect from July 1, 2016, non-executive directors receive at least fifty per cent of their director's fees payable in deferred share units ("DSUs") or Options. Certain non-executive directors have elected to receive all of their director's fees payable in Options. A total of 131,029 Options were granted to certain non-executive directors during the three-month period ended March 31, 2019 in lieu of cash fees for services provided during Q4 2018 (2018: 101,684), all of which vest immediately. The Company has accrued $0.1 million for the cost of future issuance of Options and DSUs for fees for services provided during Q1 2019.

A total of 5,000,000 Options were issued to certain officers and employees of the Group during the three-month period ended March 31, 2019 as long term incentives following the compensation review for performance in 2018 and the deferred compensation from 2017 noted above.

	3 months ended March 31	
in thousands of Canadian dollars	**2019**	2018
DSUs - expense / (gain)	**299**	(278)
Stock option - expense	**1,098**	368
Stock based compensation	**1,397**	90

DSUs are revalued each period end based on the period end closing share price. The initial value of the DSUs on grant, and the effect on the valuation of DSUs of the period-on-period change in share price, is expensed. At March 31, 2019, the Company's share price was $0.44 (December 31, 2018: $0.34), resulting in an expense of $0.3 million recognized in the income statement at the period end revaluation.

The estimated fair value of the Company's Options is calculated using the Black Scholes method as at the date of grant and amortized over the period over which the Options vest.

For performance Options, the fair value is expensed over the estimated vesting period from the time of grant. Once the performance conditions have been attained, which may result in the full vesting of the instruments, 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.

Finance Income

	3 months ended March 31	
in thousands of Canadian dollars	**2019**	2018
Interest income	**115**	77

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

As at March 31, 2019, approximately 72% of the Company's cash and cash equivalents were invested in US government guaranteed instruments, with the majority of the balance held as cash deposits with major Canadian banks.

Finance Costs

	3 months ended March 31	
in thousands of Canadian dollars	**2019**	2018
Financing costs - convertible note accretion	**2,141**	1,902

Finance costs relate to the accretion of the debt components of the 2014 and 2016 Private Placements, which are measured at amortized cost using the effective interest rate method.

Foreign Exchange

The Company has experienced an increase in foreign currency gains and losses as a result of increased exposure to non-functional currencies, in particular the US dollar. A significant portion of the funds raised in both the 2014 and 2016 Private Placements and the private placement of equity and warrants announced in December 2018 ("December 2018 Private Placement" together "the Private Placements") were received in US dollars and the Company retained these US dollars to fund its subsequent US dollar denominated working capital expenses.

Taxes

Except as described hereafter, all tax assessments received prior to March 31, 2019 have been paid or provided for in the Financial Statements. On July 5, 2017, RMGC received the VAT Assessment from ANAF in respect of VAT refunds claimed by RMGC in the period from July 2011 to December 2015. The amount of the tax assessed was RON 27 million, approximately $8.6 million at July 5, 2017. Furthermore, on October 23, 2017, RMGC received notification from ANAF of related interest and penalties of RON 18.6 million, approximately $6.0 million at October 23, 2017.

On August 9, 2017, RMGC filed an administrative challenge before the Romanian tax authorities against the VAT Assessment and, on August 10, 2017, RMGC filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal. On February 6, 2019, the Alba Court of Appeal ruled in favour of RMGC's annulment challenge of the VAT Assessment, although such ruling has been appealed by ANAF. Further details of these challenges are set out above in the section entitled "*RMGC Audits and Investigations*".

Investing Activities

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

Purchase of Capital Assets

	3 months ended March 31	
in thousands of Canadian dollars	**2019**	2018
Total investment in capital assets	**29**	7
Depreciation and disposal - expensed	**54**	34

The purchase of capital assets remains low, in line with the Company's cost containment strategy. Depreciation costs have increased in the three-month period to March 31, 2019 due to the adoption of IFRS 16 by the Company, which has resulted in the recognition of certain leases as depreciable assets.

Financing Activities

The Private Placements raised gross aggregate proceeds of $121.8 million. The Company is using the balance of the proceeds of the Private Placements to finance the costs of the continuing ICSID Arbitration and for general working capital purposes. Further information on the Private Placements is provided in the Financial Statements.

Cash Flow Statement

Liquidity and Capital Resources

The main sources of liquidity are the Company's cash and cash equivalents, and the equity and debt markets. At March 31, 2019, aggregate cash and cash equivalents were $16.7 million (December 31, 2018: $18.1 million).

Working Capital

At March 31, 2019, the Company had working capital, calculated as total current assets less total current liabilities, of $13.9 million (December 31, 2018: $12.6 million).

As at March 31, 2019, the Company had current liabilities of $4.2 million (December 31, 2018: $6.6 million). This period on period decrease is due to the decrease in ICSID Arbitration related activities since the filing of the Reply, and a reduction in payroll liabilities.

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.

At March 31, 2019 the Company had accrued resettlement liabilities totaling $0.6 million (December 31, 2018: $0.6 million).

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

Contractual Obligations

A summary of the Company's contractual capital and operating lease commitments as of March 31, 2019 is included within the Financial Statements.

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

Critical Accounting Estimates

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

Significant estimates and assumptions include those related to going concern, the recoverability or impairment of mineral properties, benefits of future income tax assets, estimated useful lives of capital assets, valuation of stock based compensation and other benefits, assumptions and determinations as to whether costs are expensed or capitalized, and the valuation and measurement of the components of the Private Placements. While Management believes that these estimates and assumptions are reasonable, actual results could vary significantly therefrom. The critical accounting estimates are not significantly different from those reported in the financial statements as at, and for the year ended, December 31, 2018.

Going Concern

As disclosed above, the Company has identified a need to raise additional funding which is necessary to maintain the Group's License and associated rights and permits, and to fund the costs associated with the advancement of the ICSID Arbitration. Management continues to review the Company's activities in order to identify areas to further reduce non-core expenditures.

Considering the matters noted above, Management's assessment is that the Company remains a going concern. However, as disclosed in the Financial Statements, there is significant uncertainty over the assessment of going concern. Notwithstanding, the Company has been accounted for as a going concern in the Financial Statements for the three months ended March 31, 2019.

Future income tax assets

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

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

Tax authorities in Romania have regularly initiated various tax audits to assess the appropriateness of RMGC's tax filing positions. Regulators may interpret tax regulations differently from the Company and its subsidiaries, which may cause changes to the estimates made. As noted above, in 2017 RMGC received the VAT Assessment from ANAF which, with interest and penalties, amounted to approximately RON 45.6 million (approximately $14.6 million). RMGC initiated a formal challenge to the VAT Assessment through the Romanian courts, with a recent favourable ruling from the Alba Iulia Court of Appeal which has now been appealed by ANAF.

Useful lives of capital assets

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

Valuation of stock-based compensation

The Company utilizes Options, DSUs and RSUs as means of compensation. Equity settled RSUs and 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 are initially issued at the five-day weighted average market price of the Common Shares at the date of issue, and the value thereof is subsequently recalculated to fair value based on the quoted market value of the Common Shares at the end of each reporting period.

Valuation of the Private Placements

The units issued by the Company in the 2014 and 2016 Private Placements consisted of convertible subordinated unsecured notes ("Convertible 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 notes. The equity component of the notes was recognized initially at the difference between the fair value of each private placement as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs were allocated to the liability and equity components in proportion to their initial carrying amounts. A nil value was initially ascribed to the arbitration value rights and, given the current stage of the ICSID Arbitration process, a nil valuation remains applicable as at March 31, 2019. The 2014 and 2016 Private Placements contain two embedded derivatives, both of which were initially valued at nil with no subsequent adjustment in value.

The Units issued by the Company in the December 2018 Private Placement consisted of Common Shares and Warrants each of which entitle the holder to acquire one Common Share at an exercise price of $0.49 at any time in the five years following issuance. The Company utilized a Black Scholes valuation model to value the Warrant component of the Units and allocated the remainder of the value to the equity component. Any directly attributable transaction costs were allocated to the equity and Warrant components in proportion to their initial carrying amounts.

Financial instruments and management of financial risk

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

The Company's objective is to safeguard its cash and cash equivalents in order to be able to fund ongoing expenditures. The Company manages its capital structure and makes adjustments to it based on the level of funds on hand and anticipated future expenditures. The long-term costs, including advisors' fees and general corporate working capital, of pursuing the ICSID Arbitration have been material and are estimated to continue to be significant.

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

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

Credit risk

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

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

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

The Group's credit risk is also attributable to value-added taxes receivable. Value-added taxes receivable are primarily receivables from the Romanian Government, which are more recent and not subject to challenge pursuant to the VAT Assessment. As at March 31, 2019, overdue VAT receivable amounts claimed by RMGC total approximately $0.4 million.

Liquidity risk

The Company has the ability to repay the Convertible Notes at maturity by issuing Common Shares from treasury (as more fully described in the Financial Statements); these notes represent a significant portion of the long-term Group liabilities. As of the date of this MD&A, taking account of the Group's existing treasury balances and financing discussions with its securityholders, the Group expects to have sufficient funds to settle all other existing and long-term contractual liabilities as they fall due. For further information see discussion above on *Going Concern*.

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 Lei, US dollars, UK pounds and Euros and is, therefore, subject to exchange variations against both the functional and presentation currency.

The Group maintains cash and cash equivalents in various currencies and is therefore susceptible to market volatility as foreign cash balances are revalued to the functional currency of the entity and thereafter to the presentation currency of the Group. Therefore, the Group may report foreign exchange gains or losses during periods of significant economic and market volatility. At March 31, 2019 the Group held 88% and 4% of its cash and cash equivalents in US and Canadian dollars, respectively.

The Company has not entered into any derivative hedging activities.

Sensitivity

Based on Management's knowledge and experience of the financial markets, in respect of the Company's balance of cash and cash equivalents as at March 31, 2019, the Company believes the following market movements are "reasonably possible" over a twelve-month period and would have the stated effects on net income:

- A plus or minus 1% change in earned interest rates; would affect income by $0.2 million.
- A plus or minus 1% change in foreign exchange rates; would affect income by $0.2 million.

Risks and uncertainties

An investment in the Common Shares is subject to a number of risks and uncertainties. This section describes existing and future material risks to the business of the Group. The risks described below are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the 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 Gabriel's securities.

ICSID Arbitration

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

There is no assurance that the Claimants will be successful in establishing Romania's liability in the ICSID Arbitration or, if successful, will collect an award of compensation from the Respondent in the amount requested or at all. Failure to prevail in the ICSID Arbitration, or to obtain adequate compensation for the loss in value of the Group's investment, would materially adversely affect the Group.

The pursuit by the Company of the ICSID Arbitration may lead to the commencement of further abusive fiscal and other investigations and assessments against RMGC or its staff or employees by the Romanian State.

Additional Funding

Further funding is required by the Company to continue as a going concern and to pursue the ICSID Arbitration to its conclusion, and for general working capital requirements.

Historically the Company has been financed through the issuance of its Common Shares, convertible notes and other equity based securities. Although the Company has been successful in the past in obtaining financing, it has limited access to financial resources as a direct result of the dispute concerning the Project and the core focus of the Company upon the ICSID Arbitration. Notwithstanding the Company's historic and intended discussions with its securityholders on the requirement for additional funding, there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all.

Whilst, as disclosed above, the Company has initiated a process to sell its long lead-time equipment which would, if completed, provide the Company with a reduced cost base and additional working capital, there are no assurances regarding the success of such a sale process or that any proceeds may be realized from the sale of equipment. The timing of the receipt of any such sales proceeds is also uncertain.

Refinancing of existing securities

The Company may need or desire to refinance all or a portion of the Convertible Notes issued and outstanding pursuant to the Private Placements. There can be no assurance that the Company will be able to refinance any of its indebtedness or incur additional indebtedness.

Political and economic uncertainty in Romania

Gabriel's material operations, property rights and other interests are located in Romania. As such, the Company's activities are subject to a number of country specific risks over which it has no control. These risks may include risks related to social, political, economic, legal and fiscal instability and changes of Romanian laws and regulations affecting mining, foreign ownership, taxation, working conditions, rates of exchange, exchange control, exploration licensing, and export licensing and export duties.

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

Mineral tenure rights

As described above, RMGC is the titleholder of the License, an exploitation concession license issued by the Romanian State in June 1999 with respect to the mineral resources and reserves at Roşia Montană. The License has an initial duration of 20 years and may be extended for additional five-year periods as may be needed to ensure rational exploitation of the mineral resources and reserves identified and approved by NAMR. Although RMGC retains "nominal ownership" of the License, the acts and omissions of the Romanian State have prevented RMGC from realizing any benefits of such ownership and thus have deprived the License entirely of its value. Notwithstanding, the License expires in June 2019 and, in order to protect fully its rights and assets, an application for renewal was filed by RMGC on March 8, 2019, within the legal requirement of no less than 90 days prior to the expiry. There can be no assurance that NAMR will approve the extension of the License prior to the expiry date, if at all. Any adverse or arbitrary decision of NAMR may have a material adverse impact on the Company's business, assets, prospects, financial condition and results of operations and/or the market price of its securities.

Pursuant to an exploration concession license issued by the Romanian State in May 1999 relating to the Rodu-Frasin and Tarniţa deposits located in the vicinity of Roşia Montană, and following the completion of extensive exploration at Bucium which identified two feasible deposits, RMGC acquired a direct and exclusive legal right to obtain exploitation licenses for such deposits. However, in violation of RMGC's legal rights and of Romania's legal obligations, Romania has failed for the last 11 years to act on RMGC's applications for exploitation licenses for Rodu-Frasin and Tarniţa.

Legal proceedings

As previously disclosed, Gabriel has been party (directly and through RMGC) to a number of legal challenges in Romania and, in the course of its business, may from time to time become involved in the defence and initiation of legal claims, arbitration and other legal proceedings.

Due to the inherent uncertainties of the judicial process in Romania, the nature and results of any such legal proceedings cannot be predicted with any certainty. In addition, such claims, arbitration and other legal proceedings can be lengthy and involve the incurrence of substantial costs and resources by the Company. The initiation, pursuit and/or outcome of any particular claim, arbitration or legal proceeding could have a material adverse effect on the Company's financial position and results of operations, and on the Company's business, assets and prospects.

UNESCO World Heritage List

In July 2018, the World Heritage Committee postponed a decision on the inclusion of the Roșia Montană Mining Cultural Landscape on the UNESCO World Heritage List for up to three years at the request of the Romanian government. The inclusion of Roșia Montană on the UNESCO World Heritage List would have a material adverse impact on the Company's business, assets and financial condition insofar as it effectively prevents any mining in the Project area and thus whether an amicable resolution of the dispute with the Romanian State could be reached.

Dependence on Management and key personnel

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

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

Minvest mine closure plan

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

There can be no assurance that the activities contemplated by such mine closure plan will be implemented in a timely fashion, and no such action has been undertaken to date. Until the mine closure plan has been fully implemented, there can be no assurance that such activities will not attract liability to RMGC, as the titleholder of the License, under the current or future laws, rules and regulations applicable to mining activities in Romania. Likewise, there can be no assurance that the legally binding assumption by the Romanian State-owned operator of all liabilities associated with its past mining operations and the indemnification of RMGC from such liabilities will be fulfilled by, or be enforceable against, such entity. However, CONVERSMIN is currently seeking funding from the EU, through the Operational Programme for Large Infrastructure (POIM), for several mine closures including Rosia Montana.

Potential dilution to existing shareholders

As described above, the Company will require additional financing in order to pursue the ICSID Arbitration to its conclusion and for general working capital requirements. In order to raise such financing, the Company anticipates that it may sell additional equity securities including, but not limited to, Common Shares, share purchase warrants or some form of convertible security. The additional issuances of equity securities will result in dilution to existing shareholders.

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

Continued Listing of the Common Shares

The continued listing of the Common Shares on the Exchange is conditional upon its ability to meet the applicable continued listing requirements of the Exchange. In the event that Gabriel is not able to maintain a listing of its Common Shares on the Exchange or any substitute exchange, it may be extremely difficult or impossible for shareholders to sell their Common Shares. If the Company is delisted from the Exchange but obtains a substitute listing for the Common Shares, the Common Shares may have less liquidity and more price volatility than experienced on the Exchange. Shareholders may not be able to sell their Common Shares on any such substitute exchange in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if the Common Shares are delisted from the Exchange, the price of the Common Shares may decline and the Company's ability to obtain financing in the future could be materially impaired.

Compliance with Anti-Corruption Laws

Gabriel is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian Corruption of Foreign Public Officials Act 1999 and the UK Bribery Act 2010. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. Gabriel's primary operations are located in Romania, a country which, according to Transparency International, is perceived as having fairly high levels of corruption relative to the rest of Europe (Romania ranks 61st out of 180 countries in terms of corruption, according to a 2018 index published in January 2019 by Transparency International). Gabriel cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which Gabriel's operations might be subject or the manner in which existing laws might be administered or interpreted.

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

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

Insurance and uninsurable risks

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

General economic and financial market conditions

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

Market price volatility

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the Common Shares will be subject to market trends generally and there may be significant fluctuations in the price of the Common Shares.

Currency fluctuations

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

No history of earnings or dividends

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

Accounting policies and internal controls

Since January 1, 2011, the Company has prepared its financial reports in accordance with International Financial Reporting Standards. In preparation of financial reports, Management of Gabriel may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements.

In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Enforcement of civil liabilities

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

Conflicts of interest

Some of the directors and officers of the Company are, or may be, on the boards of other natural resource companies, or other providers of finance, from time-to-time resulting in conflicts of interests. Therefore, there is the potential for a conflict of interest between the Company and some of its directors and officers. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

CEO/CFO Certification

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have reviewed the interim financial statements and interim MD&A (the "Interim Filings") for the three-month period ended March 31, 2019.

The CEO and CFO certify that, as at March 31, 2019, based on their knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the Interim Filings.

The CEO and CFO certify that, as at March 31, 2019, based on their knowledge, having exercised reasonable diligence, the interim financial statements for the period, together with the other financial information included in the Interim Filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of March 31, 2019 and for the three month period to that date.

Outstanding Share Data

The Company's fully diluted share capital as at May 13, 2019 was:

	Outstanding
Common shares	491,167,460
Common stock options	28,255,501
Deferred share units - Common Shares	2,941,553
Restricted share units - Common Shares	1,034,803
Warrants	217,962,097
Convertible notes	307,912,500
Fully diluted share capital	**1,049,273,914**

Forward-Looking Statements

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

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

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out above and below, that may never materialize, prove incorrect or materialize other than as currently contemplated, which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "is of the view" "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

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

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

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

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

Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended March 31, 2019

Condensed Consolidated Statement of Financial Position

As at March 31, 2019 and December 31, 2018

(Unaudited and expressed in thousands of Canadian dollars)

	Notes	**March 31 2019**	December 31 2018
Assets			
Current assets			
Cash and cash equivalents	7	**16,700**	18,116
Trade and other receivables		**709**	731
Prepaid expenses and supplies		**606**	288
Total current assets (excluding assets classified as held for sale)		**18,015**	19,135
Assets classified as held for sale	6	**6,387**	6,554
Total current assets		**24,402**	25,689
Non-current assets			
Restricted cash		**540**	570
Property, plant and equipment		**142**	134
Right of use assets	4	**164**	-
Loan receivable	12	**905**	500
Total non-current assets		**1,751**	1,204
TOTAL ASSETS		**26,153**	26,893
Liabilities			
Current liabilities			
Trade and other payables	8	**2,086**	4,969
Resettlement liabilities	9	**644**	640
Lease liabilities (short term)	4	**175**	
Other current liabilities	10	**1,252**	953
Total current liabilities		**4,157**	6,562
Non-current liabilities			
Convertible, subordinated, unsecured notes	16	**73,277**	71,136
Total non-current liabilities		**73,277**	71,136
TOTAL LIABILITIES		**77,434**	77,698
Deficit			
Share capital		**883,995**	880,197
Other reserves		**146,105**	142,481
Currency translation adjustment		**1,702**	1,836
Accumulated deficit		**(1,087,063)**	(1,079,331)
Deficit attributable to owners of the parent		**(55,261)**	(54,817)
Non-controlling interest	11	**3,980**	4,012
TOTAL DEFICIT		**(51,281)**	(50,805)
TOTAL DEFICIT AND LIABILITIES		**26,153**	26,893

Going concern – Note 1

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

Condensed Consolidated Income Statement

For the three-month periods ended March 31

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

	Notes	3 months ended March 31 2019	2018
Expenses			
Corporate, general and administrative	5	**4,289**	5,254
Share-based compensation		**1,397**	90
Depreciation		**54**	18
Operating loss	14	**5,740**	5,362
Other (income) / expense			
Interest received		**(115)**	(77)
Finance costs: lease liability accretion		**29**	-
Finance costs: convertible notes accretion	16	**2,141**	1,902
Foreign exchange gain		**(63)**	(256)
Loss for the period attributable to owners of the parent		**7,732**	6,931
Basic and diluted loss per share		**$0.02**	$0.02

Condensed Consolidated Statement of Comprehensive Loss

For the three-month periods ended March 31

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

	3 months ended March 31 2019	2018
Loss for the period	**7,732**	6,931
Other comprehensive loss / (income)		
- may recycle to the Income Statement in future periods		
Currency translation adjustment	**166**	(649)
Comprehensive loss for the period	**7,898**	6,282
Comprehensive loss / (gain) for the period attributable to:		
- Owners of the parent	**7,866**	6,407
- Non-controlling interest	**32**	(125)
Comprehensive loss for the period	**7,898**	6,282

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

Condensed Consolidated Statement of Changes in Shareholders' Deficit

For the three-month periods ended March 31
(Unaudited and expressed in thousands of Canadian dollars)

	Note	3 months ended March 31 2019	2018
Common shares			
At January 1		**880,197**	868,288
Shares issued in private placement	16	**3,798**	-
At March 31		**883,995**	868,288
Other reserves			
At January 1		**142,481**	133,449
Share-based compensation		**1,098**	368
Warrants, net of issue costs	16	**2,526**	-
At March 31		**146,105**	133,817
Currency translation adjustment			
At January 1		**1,836**	1,579
Currency translation adjustment		**(134)**	524
At March 31		**1,702**	2,103
Accumulated deficit			
At January 1		**(1,079,331)**	(1,028,765)
Loss for the period		**(7,732)**	(6,931)
At March 31		**(1,087,063)**	(1,035,696)
Non-controlling interest			
At January 1		**4,012**	3,951
Currency translation adjustment		**(32)**	125
At March 31		**3,980**	4,076
Total shareholders' deficit at March 31		**(51,281)**	(27,412)

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

Condensed Consolidated Statement of Cash Flows

For the three-month periods ended March 31
(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended March 31	
	2019	2018
Cash flows used in operating activities		
Loss for the period	**(7,732)**	(6,931)
Adjusted for the following non-cash items:		
Depreciation	**54**	18
Share-based compensation	**1,397**	90
Finance costs - convertible note accretion	**2,170**	1,902
Unrealized foreign exchange loss / (gain)	**263**	(312)
	(4,050)	(5,233)
Changes in operating working capital:		
Unrealized foreign exchange gain	**(35)**	(33)
(Decrease) / increase in accounts payable	**(2,697)**	1,679
Increase in accounts receivable	**(701)**	(39)
	(7,483)	(3,626)
Cash flows provided by / (used in) investing activities		
Purchase of property, plant and equipment	**(29)**	(29)
	(29)	(29)
Cash flows provided by financing activities		
Proceeds from issuance of private placement, net of issue costs	**6,324**	-
	6,324	-
Decrease in cash and cash equivalents	**(1,188)**	(3,655)
Effect of foreign exchange on cash and cash equivalents	**(228)**	345
Cash and cash equivalents - beginning of period	**18,116**	31,220
Cash and cash equivalents - end of period	**16,700**	27,910

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

1. Nature of operations and going concern

Gabriel Resources Ltd. ("Gabriel" or the "Company") is a Canadian resource company whose common shares are listed on the TSX Venture Exchange ("Exchange").

While Gabriel's activities were previously focused on permitting and developing the Roșia Montană gold and silver project (the "Project") in Romania, as of the date of these Condensed Interim Consolidated Financial Statements ("Condensed Financial Statements") Gabriel and its subsidiary companies (together the "Group") is now principally focused on the pursuit of an international bilateral investment treaty claim against Romania, as described further below. The exploitation license for the Project ("License") is held by Roșia Montană Gold Corporation S.A. ("RMGC"), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roșia Montană S.A. ("Minvest RM"), a Romanian state-owned mining company.

On July 21, 2015, pursuant to the provisions of international bilateral investment protection treaties which the Romanian State entered into with each of Canada and the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties"), Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited ("Claimants"), filed a request for arbitration ("Arbitration Request") before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against the Romanian State ("ICSID Arbitration"). The Arbitration Request was registered by ICSID on July 30, 2015 and the presiding tribunal for the ICSID Arbitration ("Tribunal") was originally constituted on June 21, 2016. The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the State's wrongful conduct and its breaches of the Treaties' protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and the related licenses.

Key milestones in the ICSID Arbitration proceedings to date include:

- The first Tribunal hearing took place on August 12, 2016.
- On January 10, 2017, the Tribunal issued Procedural Order No.4 establishing a procedural calendar for the ICSID Arbitration, including specific dates for the filing of submissions by the parties and other necessary procedural matters.
- On June 30, 2017, the Claimants delivered a memorial to ICSID on the merits and quantum of the ICSID Arbitration claim ("Memorial").
- On February 22, 2018, the Romanian State delivered a counter memorial ("Counter Memorial") in response to the Memorial filed by the Claimants.
- On May 25, 2018, Romania supplemented the submission of its Counter-Memorial with a further preliminary objection to the jurisdiction of the Tribunal ("Jurisdictional Challenge"), which concerns the ability of Gabriel to utilize the United Kingdom-Romania bi-lateral investment treaty as a basis for claims in the ICSID Arbitration.
- On November 2, 2018, the Claimants filed with ICSID a reply in support of its claim ("Reply") responding to the Respondent's Counter-Memorial and Jurisdictional Challenge.
- On February 28, 2019, the Claimants and the Respondent filed their comments on an amicus curiae submission to the Tribunal by certain non-governmental organizations (or "non-disputing parties") who have opposed the Project for many years.

The schedule established by procedural orders of the Tribunal prescribes the following future key dates for 2019:

- Romania to file its response to the Reply ("Rejoinder") and its reply on the Jurisdictional Challenge, the Respondent's final substantive submission, by May 24, 2019.
- Gabriel to file its surrejoinder on the Jurisdictional Challenge by June 28, 2019.
- The Tribunal to hold a hearing on the merits of the claim in Washington D.C. from December 2 to 13, 2019.

1. Nature of operations and going concern (continued)

The Company is in ongoing discussions with its principal securityholders regarding additional funding. As of the date of these Condensed Financial Statements, the Company believes that it has sufficient funding to cover its planned activities through November 2019. Management is currently focused on securing additional financing and continues to review the Company's activities in order to identify areas to rationalize expenditures.

The Condensed Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Pending the sale of the remaining long lead time equipment and the conclusion of additional financing, there is material uncertainty over the funding available to the Company that may cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Financial Statements do not reflect the adjustments to the carrying values of assets or liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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

2. Basis of preparation

The Condensed Financial Statements for the three-month period ended March 31, 2019, have been prepared in accordance with IFRS as applicable to the preparation of interim financial statements, including International Accounting Standard 34 - Interim Financial Reporting. The Condensed Financial Statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 (the "2018 Financial Statements"), which have been prepared in accordance with IFRS.

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

The Condensed Financial Statements were approved by the Board of Directors on May 14, 2019.

3. Critical accounting estimates, risks and uncertainties

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

The preparation of consolidated financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities, if any, at the date of the financial statements and the reported amount of expenses and other income for the period. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. The significant estimates and assumptions are not materially different from those disclosed in the 2018 Financial Statements.

4. Accounting policies

The material accounting policies followed in the Condensed Financial Statements are the same as those applied in the 2018 Financial Statements with the exception of the below:

The group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised as at 1 January 2019. IFRS 16 requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, and the impact on the Condensed Consolidated Statement of Financial Position was less than $0.2 million.

5. Corporate, General and Administrative expenses

	3 months ended March 31	
in thousands of Canadian dollars	**2019**	2018
Payroll	**1,370**	1,389
ICSID Arbitration related	**1,169**	2,239
Community relations	**240**	125
Travel and transportation	**228**	127
Finance	**193**	196
Property and exploration taxes	**173**	174
Long lead-time equipment storage costs	**150**	242
Office rental and utilities	**129**	137
Information technology	**108**	84
Legal	**102**	261
External communications	**42**	64
Other	**385**	216
Corporate, general and administrative expense	**4,289**	5,254

ICSID Arbitration related costs are legal and other advisory services provided to the Company in respect of the ICSID Arbitration. The decrease compared to the corresponding 2018 period is due to the significantly higher 2018 activity levels in analyzing Romania’s Counter Memorial, filed in February 2018.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

6. Assets held for sale

Balance - December 31, 2017	13,723
Disposal	(3,546)
Impairment charge	(3,943)
Currency translation adjustment	320
Balance - December 31, 2018	6,554
Currency translation adjustment	**(167)**
Balance - March 31, 2019	**6,387**

The prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is considered remote. In late 2015, the Company engaged two specialist agents to broker the sale of the long lead-time equipment, and the equipment was transferred to assets held for sale on December 31, 2015. The agents' engagement is ongoing, with a mandate to secure a sale of the remaining equipment in the short-term.

The remaining long lead-time equipment comprises milling equipment, which is not yet assembled. These items are currently stored in warehouse locations outside of Romania, the main location being the port of Antwerp, Belgium. During the three-month period to March 31, 2019, the value of the long-lead time equipment was assessed for indicators of impairment. No further indicators of impairment were noted as at March 31, 2019.

7. Cash and cash equivalents

As at	**March 31 2019**	December 31 2018
Cash at bank and on hand	**4,628**	18,116
Short-term bank deposits	**12,072**	-
Cash and cash equivalents	**16,700**	18,116
Restricted cash	**540**	570
	17,240	18,686

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

The Group manages its domestic Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources from its corporate office and only transferring money to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks. At March 31, 2019, the Group held $0.7 million in cash and cash equivalents in Romanian banks (at December 2018: $0.4 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 legally required environmental guarantees for future clean-up costs of $0.3 million. 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, one of which was a former supplier to RMGC. Management understands that this investigation remains ongoing. The restricted amount represents the value of the goods procured from the supplier during 2012. RMGC continues to challenge the legality of the restriction and to cooperate fully with the Ploiesti prosecutor's office.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

8. Trade and other payables

As at	**March 31 2019**	December 31 2018
Trade payables	**101**	390
Payroll liabilities	**387**	2,421
Accruals and other payables	**1,598**	2,158
	2,086	4,969

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. The decrease in accruals and other payables period on period is due to the decrease in ICSID Arbitration related activities in the three-month period to March 31, 2019. Payroll liabilities have reduced since the beginning of the year as accrued 2018 performance related payments have been paid in 2019.

9. Other current liabilities

RMGC previously had a program for purchasing homes in the Project area. Under the resettlement program, residents were offered two choices; either to take the sale proceeds and move to a new location of their choosing, or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the new resettlement site option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total balance at March 31, 2019 was $0.6 million (at December 31, 2018: $0.6 million).

10. Other current liabilities

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

During the three-month period ended March 31, 2019, the Company's share price increased and, accordingly, a fair value increase of $0.3 million has been recorded in the DSU liability.

11. Non-controlling interest

The Company historically advanced loans totaling US$39.5 million to Minvest RM, the non-controlling shareholder of RMGC, to facilitate mandatory statutory share capital increases in RMGC in accordance with Romanian company law rules on capitalization. These loans, which remain outstanding at March 31, 2019, are non-interest bearing and according to their terms are to be repaid as and when RMGC distributes dividends to its shareholders. The loans are accounted for as part of the Group's net investment in RMGC and, accordingly, have been set-off against non-controlling interests in the Condensed Consolidated Statement of Financial Position. The loans and non-controlling interest components will be reflected individually at such time as repayment of the loans is possible

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

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

12. Related Party Transactions

The Group had related party transactions with associated persons or corporations which were undertaken in the normal course of operations, as well as the private placements described in Note 16.

Historical related party transactions with Minvest RM are disclosed in Note 11. There have been no transactions with Minvest RM in 2018 or 2019.

In June 2018, the Company entered into a facility agreement with SC Total Business Land SRL ("TBL"), an entity controlled by current and former employees of RMGC, pursuant to which it agreed to lend $0.9 million to TBL. The loan is repayable in 2028 and accrues interest at a rate of 1% per annum and is secured by a mortgage over certain assets of the borrower and personal guarantees in favour of the Company by the principals of TBL. TBL drew down an initial $0.5 million against the facility in 2018. A second and final $0.4 million was drawn down in February 2019. The first repayment of the loan was received in April 2019.

13. Common share options

With effect from July 1, 2016, certain Company non-executive directors have elected to receive all or some of their director fees payable in common share options. Director, officer, employee and consultant common share options were granted, exercised and cancelled during the period January 1, 2018 through March 31, 2019 as follows:

	Number of options ('000)	Weighted average exercise price (dollars)
Balance - December 31, 2017	26,313	0.69
Options granted	4,331	0.31
Options cancelled/forfeited	(2,075)	0.56
Options expired	(3,950)	1.36
Balance - December 31, 2018	24,619	0.53
Options granted	**5,131**	**0.36**
Options expired	**(1,600)**	**0.79**
Balance - March 31, 2019	**28,150**	**0.48**

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

14. Loss per share

		3 months ended March 31		
		2019		2018
Loss for the period attributable to owners of the parent		**7,732**		6,931
Weighted-average number of common shares (000's)		**486,921**		384,453
Basic and diluted loss per share	**$**	**0.02**	$	0.02

15. Commitments

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

	Total	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**
Operating lease commitments							
Surface concession rights	1,123	21	35	35	35	35	962
Property lease agreements	121	98	12	11	-	-	-
Total commitments	1,244	119	47	46	35	35	962

16. Private placements

On December 24, 2018, the Company announced it had completed an initial closing of a private placement of up to 106,425,846 units (“Units”) with a number of existing securityholders (the “December 2018 Private Placement”). At the initial closing, a total of 80,702,475 Units were issued at a price of $0.2475 per Unit to raise aggregate gross proceeds of approximately $20 million.

On January 15, 2019, the Company announced it had completed the final closing of the 2018 private placement by issuing the remaining 25,723,372 Units, on the same terms as above, with an existing securityholder to raise gross proceeds of approximately $6.3 million.

Each Unit consists of:

- One Common Share of the Company; and
- One Common Share purchase warrant (“Warrant”), which entitles the holder to acquire one Common Share at an exercise price of $0.49 at any time prior to the date that is five years following the date of issue.

The key inputs used in determining the value of the December 2018 Private Placement set out in these consolidated financial statements are as follows:

<u>Initial closing</u>
- Volatility (based on historic 60 month volatility of Gabriel’s stock price) 94.49%
- Remaining life (years) 5.0
- Risk free rate (5 year Government of Canada benchmark bond) 2.14%

<u>Final closing</u>
- Volatility (based on historic 60 month volatility of Gabriel’s stock price) 95.49%
- Remaining life (years) 5.0
- Risk free rate (5 year Government of Canada benchmark bond) 1.90%.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

16. Private placements (continued)

The aggregate composition of the December 2018 Private Placement is set out in the following table:

	Gross allocation	Financing fees	Net allocation
Common shares	15,806	99	15,707
Warrants	10,535	66	10,469
Proceeds of private placement	26,341	165	26,176

In 2014 and 2016, the Company completed private placements with existing shareholders and a new investor (the "2014 and 2016 Private Placements"). A total of 95,625 units (comprising convertible notes, warrants and arbitration value rights) were issued pursuant to the 2014 and 2016 Private Placements at a price of $1,000 per unit to raise aggregate gross proceeds of $95.625 million.

Subsequent to initial measurement, the debt component of the 2014 and 2016 Private Placements is measured at amortized cost using the effective interest rate method. The valuation of the equity component is not adjusted subsequent to the initial recognition except on conversion or expiry.

There are two derivatives that are embedded within the convertible notes to the 2014 and 2016 Private Placements: a 'make-whole premium' to protect holders of the convertible notes in a change of control event as stated in the note indenture; and a 'common share repayment right' providing the Company with the right to repay the principal in Common Shares at a discounted amount of 95% of par at maturity. As at December 31, 2018, these two embedded derivatives were determined to have insignificant values and were accordingly not accounted for, but will be reassessed by Management at each reporting date.

The aggregate composition of the 2014 and 2016 Private Placements is set out in the following table:

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

In accordance with IAS 7, changes in the value of the 2014 and 2016 Private Placements are as follows:

Balance - December 31, 2017	63,201
Interest paid	(24)
Accretion of debt component	7,959
Balance - December 31, 2018	71,136
Interest accretion	**2,141**
Balance - March 31, 2019	**73,277**

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

17. Segmental information

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

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

The segmental report is as follows:

	Romania		**Corporate**		**Total**	
For the three-month period ended March 31,	**2019**	2018	**2019**	2018	**2019**	2018
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	**-**	-	**(115)**	(77)	**(115)**	(77)
Finance costs - convertible note accretion	**-**	-	**2,141**	1,902	**2,141**	1,902
Depreciation	**9**	10	**45**	8	**54**	18
Reportable segment loss	**2,404**	2,405	**5,328**	4,526	**7,732**	6,931
As at March 31,	**2019**	2018	**2019**	2018	**2019**	2018
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets and assets classified as held for sale	**8,067**	6,677	**16,335**	37,041	**24,402**	43,718
Reportable segment non - current assets	**642**	646	**1,109**	46	**1,751**	692
Reportable segment liabilities	**(839)**	(1,446)	**(76,595)**	(70,376)	**(77,434)**	(71,822)

The Group's assets classified as held for sale are predominantly located in various port facilities within the European Union.

18. Contingent liabilities

As at March 31, 2019, 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 impact to the Company's financial position.

RMGC has been subject to two tax inspections by the Romanian National Agency for Fiscal Administration (the Agenția Națională de Administrare Fiscală – "ANAF") in relation to the value added tax ("VAT") previously claimed by RMGC in respect of the purchase of goods and services in the period 2011 to 2016.

The first inspection was concluded by ANAF in July 2016 and assessed a liability with interest and penalties of RON 42.9m (then approximately $13.7 million). This 2016 assessment was successfully challenged by RMGC and partially quashed in September 2016.

Following the partial quashing of the 2016 assessment, a repeat inspection was undertaken by ANAF and on July 5, 2017 RMGC was served with a decision by ANAF assessing a liability in the amount of RON 27 million (approximately $8.6 million) ("VAT Assessment"). Again, the VAT Assessment relates to VAT previously claimed and received by RMGC from the Romanian tax authorities in respect of RMGC's purchase of goods and services from July 2011 to January 2016.

The VAT Assessment was due for payment on August 5, 2017. On August 9, 2017, RMGC challenged the validity of the VAT Assessment before the ANAF Directorate-General for the Settlement of Complaints. On April 5, 2018, RMGC initiated an action before the Alba Iulia Court of Appeal (Division for Administrative and Tax Claims) seeking the annulment of the VAT Assessment. On February 6, 2019 the Alba Iulia Court of Appeal ruled in favour of the RMGC annulment challenge to the VAT Assessment. On February 28, 2019, RMGC received a copy of the Alba Iulia Court of Appeal's written decision. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date has yet been set. RMGC is contesting this appeal.

RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal on August 10, 2017. On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC's request for a stay of enforcement of the VAT Assessment, pending the determination of RMGC's annulment challenge of the VAT Assessment (as described above). RMGC received a copy of the Court of Appeal's written decision on March 2, 2018. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice. On February 28, 2019, the High Court of Cassation and Justice dismissed ANAF's appeal and the stay of enforcement remains in effect.

Further to the VAT Assessment, and notwithstanding the Court of Appeal's decision of October 2, 2017, RMGC received a further demand from ANAF for RON 18.6 million, approximately $6.0 million, in interest and penalties on October 23, 2017. The Company is advised by counsel that the enforcement of such demand for interest and penalties is also stayed by the Court of Appeal's decision.

Particularly in light of the February 6, 2019 Alba Iulia Court of Appeal decision in its favour, the Company believes that the procedure followed by ANAF to arrive at the VAT Assessment, and the subsequent interest and penalties, was improper and unlawful. The Company, along with RMGC, intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets. The Company considers that the outflow of economic resources in respect of the VAT Assessment is not probable, and consequently no liability has been recognized at March 31, 2019 and December 31, 2018.