Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides a commentary to enable a reader to assess material changes in the financial condition and results of operations of Gabriel Resources Ltd. ("Gabriel" or the "Company") as at and for the three-month and nine-month periods ended September 30, 2018 and 2017.

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 and nine-month periods ended September 30, 2018 and 2017 ("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, 2017, 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 November [27], 2018, and the Company's public filings, including its most recent Annual Information Form dated April 30, 2018 ("AIF"), 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. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company 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 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 (together the "Group") focused substantially all of their management and financial resources on identifying and defining the size of the four ore bodies, engineering to design the size and scope of the Project, surface rights acquisitions, rescue archaeology and environmental assessment and permitting. Despite the Company's fulfilment of its legal obligations and its development of the Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Project without due process and without compensation, effectively depriving the Group entirely of the value of its investments.

On July 21, 2015, the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together "Claimants"), filed a request for arbitration ("Arbitration Request") before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against the Romanian State (the "Respondent") pursuant to the bilateral investment protection treaties which the Romanian Government has entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties") ("ICSID Arbitration"). The presiding tribunal for the ICSID Arbitration ("Tribunal") was constituted on June 21, 2016. 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 in contravention of the applicable legal framework.

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

On November 2, 2018, the Claimants submitted their reply ("Reply") to Romania's counter-memorial submission of February 22, 2018 ("Counter-Memorial") and Romania's supplemental preliminary objection to the jurisdiction of the Tribunal ("Jurisdictional Challenge"). The Reply sets out a comprehensive rebuttal of the legal and factual contentions raised in the Counter-Memorial and includes Gabriel's response to the Jurisdictional Challenge.

The Reply was filed in accordance with a schedule established by procedural orders of the Tribunal ("Procedural Orders"), including a recent revision to the calendar that prescribed the following key dates:

- Romania to file its response to the Reply ("Rejoinder") and its reply on the Jurisdictional Challenge by May 10, 2019.
- Gabriel to file its surrejoinder with regard to the Jurisdictional Challenge by June 14, 2019.
- The Tribunal will hold a hearing on the merits of the claim from December 2 to 13, 2019.

The next substantive stage of the ICSID Arbitration proceedings is a process whereby certain non-disputing parties (referred to as *amici curiae*) can request leave from the Tribunal to make written or oral observations in the proceedings. The participation of prospective amici curiae will involve a two-stage procedural process between November 2018 and January 2019: first, the parties interested in participating in the ICSID arbitral proceedings as amici curiae must petition the Tribunal for leave to make a written submission; and second, if the Tribunal grants such leave, the amici curiae may file written submissions. Ultimately, the petition must persuade the Tribunal that the submission will address a subject matter "within the scope of the dispute". Both parties will have an opportunity to comment on the petition and any amicus submissions permitted by the Tribunal.

The Claimants were notified by ICSID that certain non-governmental organizations ("NGOs") which have opposed the Project for many years have submitted petitions to the Tribunal for leave to make a written submission and to participate in the oral hearings of the claim in December 2019. Gabriel and Respondent provided comments on the non-disputing party petition on November 23, 2018 and a decision from the Tribunal on whether such applications can be accepted is expected in early December 2018.

Following a process prescribed by the Procedural Orders, redacted versions of the memorial submitted by the Claimants on June 30, 2017 regarding the merits and quantum of the claim ("Memorial") and the Counter-Memorial were published on the ICSID website on July 11, 2018 and October 2, 2018, respectively. A copy of the Jurisdictional Challenge submission is also available on the ICSID website. A redacted version of the Reply will be published on the ICSID website following completion of a process prescribed by the Procedural Orders.

A summary of the procedural aspects of the ICSID Arbitration, together with copies of the Procedural Orders issued by the Tribunal, are 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. The Company is advised by counsel that such challenge should have been determined by ANAF, pursuant to the Fiscal Procedure Code, within six months of the date of the lodging of RMGC's challenge application, however no decision was issued by ANAF within such period, or since. 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. The next hearing date for such challenge has been set for January 16, 2019.

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. 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. RMGC has filed a statement of defence in response to ANAF's appeal. The High Court of Cassation and Justice has set a hearing date of January 17, 2019 for these proceedings.

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 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. 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

Funding

The Group requires additional funding in the short-term to maintain its primary assets, as well as its License and associated rights and permits, and the material estimated costs associated with the Company advancing the ICSID Arbitration. The Company is currently in advanced discussions with its principal securityholders to secure additional, long-term funding. As of the date of this MD&A, while there can be no assurance that any transaction will be completed, Management is of the view that such a financing will be completed by the end of 2018.

Chief Executive Officer

On July 10, 2018 the Company announced that the former President and Chief Executive Officer, Jonathan Henry, resigned from his position. Mr. Henry has signed an agreement with the Company to act as a consultant in connection with the ICSID Arbitration claim against Romania.

On August 8, 2018, the Company appointed Dragos Tanase as President and Chief Executive Officer. Mr Tanase has been the managing director of RMGC for 10 years, a position in which he continues to serve.

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 Gabriel Group sold a gyratory crusher plus spares for net proceeds of US$1.5 million (approx. $2.0 million). On May 4, 2018 the Gabriel 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.

At September 30, 2018, the carrying amount of the remaining long-lead time equipment was assessed for indicators of impairment and no matters were noted.

UNESCO World Heritage List

In February 2016, the Ministry of Culture submitted an initial application to the United Nations Educational, Scientific and Cultural Organization (UNESCO) for the placing of an area referred to as the "Roşia Montană Mining Cultural Landscape", an area which includes the Project footprint, on UNESCO's "Tentative List" to be declared a UNESCO World Heritage site.

On January 4, 2017, the Ministry of Culture submitted the nomination file ("Nomination File") for the inclusion of the "Roşia Montană Mining Cultural Landscape" on the UNESCO World Heritage List. Notwithstanding their significant interests in the nominated area, neither the Company nor RMGC were notified of, or consulted on, this proposal.

At its meeting on July 2, 2018, the UNESCO World Heritage Committee considered a late request of the Romanian Government to postpone its decision on the inclusion of the Roșia Montană Mining Cultural Landscape on the UNESCO World Heritage List due to the ongoing ICSID Arbitration. Following debate at this meeting, the World Heritage Committee postponed a decision on the Nomination file for up to three years due to the "ongoing international arbitration" in accordance with Art. 159 of the operational guidelines for the implementation of the World Heritage Convention.

The Minister of Culture subsequently confirmed that the Romanian Government had not withdrawn the Nomination File but requested the postponement of a decision on the file until such time as the ICSID Arbitration is settled in order to "to protect the national assets and financial interests of the Romanian state".

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 NGOs 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 third quarter of 2018, 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;
- finalization and closing of the additional, long-term funding;
- 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 September 30, 2018 were $11.6 million.

The Company's average monthly cash usage during Q3 2018 was $4.3 million (Q2 2018: $2.4 million, excluding the receipt of proceeds of $3.9m from the sale of the ball mill). At the end of Q3 2018, accruals for costs in respect of the ICSID Arbitration amounted to $6.2 million (Q2 2018: $3.4 million). The increase in cash usage since the first half of 2018 is due principally to the significant legal and other advisory services required by the Company for the preparation and submission of the Reply.

The Company believes that it has sufficient sources of funding to cover its planned activities through to the end of December 2018.. As previously noted, while there can be no assurance of completion, Management is of the view that a further financing with existing securityholders will be completed by the end of 2018. Management is currently focused on securing additional financing as noted above 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	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**
Income Statement				
Loss - attributable to owners of parent	17,176	13,794	6,931	7,431
Loss per share - basic and diluted	0.04	0.04	0.02	0.02
Statement of Financial Position				
Working capital	2,804	18,090	22,625	27,018
Total assets	20,115	33,464	44,410	47,300
Statement of Cash Flows				
Cash flows from financing activities	-	-	-	(24)

in thousands of Canadian dollars, except per share amounts	**2017 Q3**	**2017 Q2**	**2017 Q1**	**2016 Q4**
Income Statement				
Loss - attributable to owners of parent	7,247	13,657	9,345	13,200
Loss per share - basic and diluted	0.02	0.04	0.02	0.03
Statement of Financial Position				
Working capital	32,182	37,347	48,846	56,058
Total assets	53,461	62,159	70,599	75,458
Statement of Cash Flows				
Cash flows from financing activities	-	-	4	(17)

Review of Financial Results

in thousands of Canadian dollars, except per share amounts	**3 months ended September 30** **2018**	2017	**9 months ended September 30** **2018**	2017
Operating loss for the period	**14,962**	4,846	**33,094**	23,538
Loss for the period				
- attributable to owners of parent[1]	**17,176**	7,247	**37,901**	30,249
Loss per share - basic and diluted	**0.04**	0.02	**0.10**	0.08

[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 September 30, 2018 was impacted by higher costs related to the ongoing ICSID arbitration, which were $8.9 million in the current quarter versus $0.7 million in 2017 comparable quarter, and by certain settlement expenses (see Expenses below).

The loss for the three-month period ended September 30, 2018 was impacted by a lower adverse variance from the strengthening of the Canadian dollar against the US dollar of $0.2 million in the current quarter compared to an adverse variance of $0.7 in the 2017 comparable quarter. This was partly offset by an increase in the accretion expense for the Company's 2014 and 2016 private placements, as detailed in the Financial Statements of the Company ("Private Placements").

Expenses

Corporate, General and Administrative

in thousands of Canadian dollars	**3 months ended September 30** **2018**	2017	**9 months ended September 30** **2018**	2017
ICSID Arbitration related	**8,837**	708	**16,471**	12,108
Payroll	**4,651**	1,689	**7,430**	4,853
Long lead-time equipment storage costs	**197**	220	**654**	659
Legal	**186**	203	**607**	705
Finance	**206**	314	**602**	767
Property and exploration taxes	**170**	165	**515**	494
Community relations	**115**	124	**361**	392
Information technology	**81**	79	**246**	264
External communications	**54**	36	**169**	140
Other	**689**	514	**1,721**	1,498
Corporate, general and administrative expense	**15,185**	4,053	**28,776**	21,881

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 September 30, 2018, were approximately $8.9 million. The increase compared to the corresponding 2017 period is due to the significantly higher 2018 activity levels in preparation for the November 2, 2018 filing of the Reply to the Counter-Memorial.

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

Regular payroll costs for the three-month period ended September 30, 2018 of $1.1 million are lower than the corresponding 2017 period primarily due to payments made in 2017 in respect of renegotiated contract terms with senior employees of the Company. However, overall payroll costs for the nine-month period ended September 30, 2018 are higher than the corresponding 2017 period due principally to settlement expenses of $3.5million paid to the former President and CEO of the Company ("Former CEO") in July 2018, which included compensation for the forfeiture of all stock options, RSUs and DSUs held by the Former CEO at the time of his leaving the Company.

Stock Based Compensation

	3 months ended September 30		9 months ended September 30	
	2018	2017	**2018**	2017
Stock option compensation				
Number of stock options granted	**-**	94,244	**240,119**	171,524
Average value ascribed to each regular vesting option granted	**$ -**	$ 0.41	**$ 0.35**	$ 0.45
DSU compensation				
Number of DSUs issued	**-**	88,566	**209,643**	161,191
Average value ascribed to each DSU issued	**$ -**	$ 0.41	**$ 0.36**	$ 0.45
Number of DSUs cancelled	**422,243**	-	**-**	256,000
Average value ascribed to each DSU cancelled	**$ 0.30**	$ -	**-**	$ 0.66
RSU compensation				
Number of RSUs issued	**-**	1,911,390	**-**	1,911,390
Average value ascribed to each RSU issued	**$ -**	$ 0.38	**$ -**	$ 0.38
Number of RSUs cancelled	**914,401**	-	**-**	-
Average value ascribed to each RSU cancelled	**$ 0.38**	$ -	**$ -**	$ -

With effect from July 1, 2016, non-executive directors are required to receive at least fifty per cent of their director's fees payable in deferred share units ("DSUs") or incentive stock options ("Options"). Certain non-executive directors have elected to receive all of their director's fees payable in Options. No Options were granted to non-executive directors during the three-month period ended September 30, 2018 (Q3 2017: 85,566) but the Company has accrued $0.1 million for the cost of future issuance of Options and DSUs for fees for services provided during the quarter.

in thousands of Canadian dollars	3 months ended September 30 2018	2017	9 months ended September 30 2018	2017
DSUs - expense / (gain)	**(102)**	473	**(221)**	410
Stock option / RSU compensation- (gain) / expense	**(137)**	293	**538**	1,138
Stock based compensation	**(239)**	766	**317**	1,548

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 September 30, 2018, the Company's share price was $0.34 (December 31, 2017: $0.42), resulting in a credit to the income statement recognized at the period end revaluation. Also, during the three-month period to September 30, 2018, the Company cancelled the DSUs allocated to Jonathan Henry, the Former CEO which were forfeited upon his resignation, resulting in a further credit to the income statement.

The estimated fair value of equity settled RSUs is calculated using the Black Scholes method as at the date of grant and amortized over the period over which the RSUs vest.

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. During the three-month period ending September 30, 2018, the Company cancelled the RSUs allocated to the Former CEO upon his resignation. The expense related to these RSUs has been reversed in accordance with IFRS 2.

Finance Income

in thousands of Canadian dollars	3 months ended September 30 2018	2017	9 months ended September 30 2018	2017
Interest income	**57**	71	**222**	199

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

As at September 30, 2018, approximately 56% 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

in thousands of Canadian dollars	**3 months ended September 30** **2018**	2017	**9 months ended September 30** **2018**	2017
Financing costs - convertible note accretion	**2,018**	1,793	**5,879**	5,224

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

Foreign Exchange

The Company has experienced an increase in foreign currency gains and losses as a result of increased exposure to non-functional currencies, in particular the US dollar. A significant portion of the funds raised in 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 December 31, 2017 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. 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

in thousands of Canadian dollars	**3 months ended September 30** **2018**	2017	**9 months ended September 30** **2018**	2017
Total investment in capital assets	**8**	2	**39**	46
Depreciation and disposal - expensed	**16**	27	**58**	109

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

Financing Activities

The Private Placements raised gross aggregate proceeds of $95.6 million. The Company is using the proceeds of the Private Placements to finance the costs of the continuing ICSID Arbitration and for general working capital purposes. Further information on the Private Placements is provided in the Financial Statements and the Company's Annual Information Form for the year ended December 31, 2017 published on April 30, 2018, a copy of which is filed on SEDAR at www.sedar.com. As noted above, the Company is actively engaged with its principal securityholders to secure additional, long-term funding.

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 September 30, 2018, aggregate cash and cash equivalents were $11.6 million (December 31, 2017: $31.2 million).

Working Capital

At September 30, 2018, the Company had working capital, calculated as total current assets less total current liabilities, of $2.8 million (December 31, 2017: $27.0 million).

As at September 30, 2018, the Company had current liabilities of $9.8 million (December 31, 2017: $5.6 million). This period on period increase is due to the increase in ICSID Arbitration related activities in the period leading up to the filing of the Reply, and related advisory services.

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 September 30, 2018 the Company had accrued resettlement liabilities totaling $0.6 million (December 31, 2017: $0.5 million).

RMGC has closed-out various exchange contracts 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 September 30, 2018 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 2017 Financial Statements.

Going Concern

As disclosed above, the Company is in discussions with its principal securityholders to raise additional funding necessary to maintain the Group’s License and associated rights and permits, and to settle the material estimated costs associated with the advancement of the ICSID Arbitration. As of the date of this MD&A, while there can be no assurance that any transaction will be completed, Management is of the view that such a financing will be completed by the end of 2018. 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 quarter ended September 30, 2018.

Future income tax assets

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

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

Tax authorities in Romania have regularly initiated various tax audits to assess the appropriateness of 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 has initiated a formal challenge to the VAT Assessment through the Romanian courts and this legal process remains ongoing.

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 typically issued at the higher of the five-day weighted average market price of the Company's common shares ("Common Shares") at the date of issue and the closing market price on the day before the grant, and the value thereof is subsequently recalculated to fair value based on the quoted market value of the Company's Common Shares at the end of each reporting period.

Valuation of the Private Placements

The units issued by the Company in the Private Placements, consisted of convertible subordinated unsecured notes ("Convertible Notes"), warrants and arbitration value rights. For these two private placements, the Company utilized a Black Scholes valuation model to value the warrant component of the units and a discounted cash flow model to value the debt component of notes. The equity component of the notes was recognized initially at the difference between the fair value of each private placement as a whole and the fair value of the debt and warrant components. Any directly attributable transaction costs were allocated to the liability and equity components in proportion to their initial carrying amounts. A nil value was initially ascribed to the arbitration value rights and, given the current initial pleadings stage of the arbitration process, a nil valuation remains applicable as at September 30, 2018. The Private Placements contain two embedded derivatives, both of which were initially valued at nil with no subsequent adjustment in value.

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 September 30, 2018, overdue 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 principal securityholders, the Group expects to have sufficient funds to settle all other existing and long-term contractual liabilities. 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 September 30, 2018 the Group held 42% and 56% of its cash and cash equivalents in Canadian and US dollars, respectively.

The Company has not entered into any derivative hedging activities.

Sensitivity

Based on Management's knowledge and experience of the financial markets, in respect of the Company's balance of cash and cash equivalents as at September 30, 2018, the Company believes the following market movements are "reasonably possible" over a twelve-month period and would have the stated effects on net income:

- A plus or minus 1% change in earned interest rates; would affect net income by $0.1 million.
- A plus or minus 1% change in foreign exchange rates; would affect net income by $0.1 million.

Risks and uncertainties

An investment in the Company's 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 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, other equity based securities and convertible debt. 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 progress in the Company's discussions with its principal securityholders on raising 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 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. The License expires in June 2019 and an application for renewal is required to be filed no less than 90 days prior to the expiry. 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.

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 10 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

As described above, 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. The inclusion of Roșia Montană on the UNESCO World Heritage List has 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., 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.

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, its Common Shares, share purchase warrants or some form of convertible security. The effect of 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 Company's Common Shares

The continued listing of the Company's 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 59th out of 180 countries in terms of corruption, according to a 2017 index published in 2018 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 of the Company will be subject to market trends generally and there may be significant fluctuations in the price of the Company's 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 RON. In addition, the Company has and/or will have expenditures and obligations denominated in other currencies including, but not limited to, Canadian dollars, US dollars, EUROs and United Kingdom pounds sterling ("GBP"). The Company maintains active cash accounts in Canadian dollars, US dollars, GBP and RON and has either monetary assets and/or liabilities in currencies including US dollars, Canadian dollars, EUROs, GBP and RON. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company does not currently use any derivative products to actively manage or mitigate any foreign exchange exposure.

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 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 September 30, 2018.

The CEO and CFO certify that, as at September 30, 2018, 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 September 30, 2018, 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 September 30, 2018 and for the three month period to that date.

Outstanding Share Data

The Company's fully diluted share capital as at November 27, 2018 was:

	Outstanding
Common shares	384,452,780
Common stock options	20,603,020
Deferred share units - common shares	2,540,231
Restricted share units - common shares	1,234,347
Warrants	111,536,250
Convertible notes	307,912,500
Fully diluted share capital	**828,279,128**

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 further 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 of the Company;
- 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; and
- volatility of currency exchange rates;
- 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 report that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies.

Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended September 30, 2018

Condensed Consolidated Statement of Financial Position

As at September 30, 2018 and December 31, 2017
(Unaudited and expressed in thousands of Canadian dollars)

	Notes	**September 30 2018**	December 31 2017
Assets			
Current assets			
Cash and cash equivalents	7	**11,565**	31,220
Trade and other receivables		**641**	875
Prepaid expenses and supplies		**418**	520
Total current assets (excluding assets classified as held for sale)		**12,624**	32,615
Assets classified as held for sale	6	**6,310**	13,723
Total current assets		**18,934**	46,338
Non-current assets			
Restricted cash		**540**	850
Property, plant and equipment		**141**	112
Loan receivable	12	**500**	-
Total non-current assets		**1,181**	962
TOTAL ASSETS		**20,115**	47,300
Liabilities			
Current liabilities			
Trade and other payables	8	**8,352**	3,909
Resettlement liabilities	9	**604**	532
Other current liabilities	10	**864**	1,156
Total current liabilities		**9,820**	5,597
Non-current liabilities			
Convertible, subordinated, unsecured notes	17	**69,080**	63,201
Total non-current liabilities		**69,080**	63,201
TOTAL LIABILITIES		**78,900**	68,798
Deficit			
Share capital		**868,288**	868,288
Other reserves		**133,987**	133,449
Currency translation adjustment		**1,640**	1,579
Accumulated deficit		**(1,066,666)**	(1,028,765)
Deficit attributable to owners of the parent		**(62,751)**	(25,449)
Non-controlling interest	11	**3,966**	3,951
TOTAL DEFICIT		**(58,785)**	(21,498)
TOTAL DEFICIT AND LIABILITIES		**20,115**	47,300

Going concern – Note 1

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

Condensed Consolidated Income Statement

For the three and nine-month periods ended September 30
(*Unaudited and expressed in thousands of Canadian dollars, except per share data)*

	Notes	3 months ended September 30 **2018**	3 months ended September 30 2017	9 months ended September 30 **2018**	9 months ended September 30 2017
Expenses					
Corporate, general and administrative	5	**15,185**	4,053	**28,776**	21,881
Impairment of LLTE	6	**-**	-	**3,943**	-
Share-based compensation		**(239)**	766	**317**	1,548
Depreciation		**16**	27	**58**	109
Operating loss	14	**14,962**	4,846	**33,094**	23,538
Other (income) / expense					
Interest received		**(57)**	(71)	**(222)**	(199)
Gain on disposal of assets		**-**	(36)	**(724)**	(36)
Finance costs: convertible notes accretion	17	**2,018**	1,793	**5,879**	5,224
Foreign exchange (gain) / loss		**253**	715	**(126)**	1,722
Loss for the period attributable to owners of the parent		**17,176**	7,247	**37,901**	30,249
Basic and diluted loss per share		**$0.04**	$0.02	**$0.10**	$0.08

Condensed Consolidated Statement of Comprehensive Loss

For the three and nine-month periods ended September 30
(*Unaudited and expressed in thousands of Canadian dollars)*

	3 months ended September 30 **2018**	3 months ended September 30 2017	9 months ended September 30 **2018**	9 months ended September 30 2017
Loss for the period	**17,176**	7,247	**37,901**	30,249
Other comprehensive (income) / loss				
- may recycle to the Income Statement in future periods				
Currency translation adjustment	**(574)**	230	**(76)**	(200)
Comprehensive loss for the period	**16,602**	7,477	**37,825**	30,049
Comprehensive loss / (gain) for the period attributable to:				
- Owners of the parent	**16,713**	7,433	**37,840**	30,088
- Non-controlling interest	**(111)**	44	**(15)**	(39)
Comprehensive loss for the period	**16,602**	7,477	**37,825**	30,049

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

Condensed Consolidated Statement of Changes in Shareholders' Deficit

For the nine month period ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	9 months ended September 30	
	2018	2017
Common shares		
At January 1	**868,288**	868,279
Shares issued on the exercise of share options	**-**	5
Transfer from contributed surplus: exercise of share options	**-**	4
At September 30	**868,288**	868,288
Other reserves		
At January 1	**133,449**	131,562
Share-based compensation	**538**	1,138
Exercise of share options	**-**	(4)
At September 30	**133,987**	132,696
Currency translation adjustment		
At January 1	**1,579**	1,329
Currency translation adjustment	**61**	239
At September 30	**1,640**	1,568
Accumulated deficit		
At January 1	**(1,028,765)**	(991,085)
Loss for the period	**(37,901)**	(30,249)
At September 30	**(1,066,666)**	(1,021,334)
Non-controlling interest		
At January 1	**3,951**	3,891
Currency translation adjustment	**15**	(39)
At September 30	**3,966**	3,852
Total shareholders' deficit at September 30	**(58,785)**	(14,930)

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

Condensed Consolidated Statement of Cash Flows

For the nine month period ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	9 months ended September 30	
	2018	2017
Cash flows used in operating activities		
Loss for the period	**(37,901)**	(30,249)
Adjusted for the following non-cash items:		
Depreciation	**58**	109
Share-based compensation	**317**	1,548
Gain on disposal of assets	**(724)**	(36)
Impairment of LLTE	**3,943**	-
Finance costs - convertible note accretion	**5,879**	5,224
Unrealized foreign exchange gain	**(493)**	(1,689)
	(28,921)	(25,093)
Changes in operating working capital:		
Unrealized foreign exchange gain	**(27)**	(14)
Increase in accounts payable	**4,720**	1,255
Increase in accounts receivable	**(164)**	(260)
	(24,392)	(24,112)
Cash flows provided by / (used in) investing activities		
Proceeds from sale of long lead-time equipment	**4,256**	-
Purchase of property, plant and equipment	**(39)**	(46)
	4,217	(46)
Cash flows provided by financing activities		
Proceeds from the exercise of share options	**-**	4
	-	4
Decrease in cash and cash equivalents	**(20,175)**	(24,154)
Effect of foreign exchange on cash and cash equivalents	**520**	1,703
Cash and cash equivalents - beginning of period	**31,220**	60,267
Cash and cash equivalents - end of period	**11,565**	37,816

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") are now principally focused on their 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 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 7, 2018, the President of the Tribunal resigned and, in accordance with ICSID Arbitration rules, the ICSID Arbitration proceedings were suspended pending the appointment of a replacement President.
- On February 22, 2018, the Romanian State delivered a counter memorial ("Counter Memorial") in response to the Memorial filed by the Claimants.
- On April 5, 2018 ICSID appointed a new President of the Tribunal and the suspension of the proceedings was lifted.
- 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 October 24, 2018, the Tribunal issued Procedural Order No.18 establishing a revised procedural calendar for the ICSID Arbitration ("Procedural Calendar"), which includes the following key dates:
    - Romania to file its response to the Reply ("Rejoinder") and its reply on the Jurisdictional Challenge by May 10, 2019.
    - Gabriel to file its rejoinder with regard to the Jurisdictional Challenge by June 14, 2019.
    - A hearing on the merits of the claim before the Tribunal from December 2 to 13, 2019.

1. Nature of operations and going concern (continued)

The Company is in advanced discussions with its principal securityholders regarding additional long-term funding. As of the date of these Financial Statements, the Company believes that it has sufficient sources of funding to cover its planned activities through to the end of December 2018. While there can be no assurance of completion, Management is of the view that a further financing with existing securityholders will be completed by the end of 2018.

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 long-term 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 condensed 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 September 30, 2018, 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, 2017 (the "2017 Financial Statements"), which have been prepared in accordance with IFRS.

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

The Audit Committee of the Board approved the Condensed Financial Statements on November 27, 2018.

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 2017 Financial Statements.

4. Accounting policies

The material accounting policies followed in the Condensed Financial Statements are the same as those applied in the 2017 and Q2 2018 Financial Statements.

No new IFRS accounting standards have been adopted by the Company during the three-month period ended September 30, 2018.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019. The new standard that is expected to be relevant to the consolidated financial statements of the Company is IFRS 16 – Leases.

- IFRS 16 – Leases. In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact that this new standard will have on the consolidated financial statements of the Company. Management has not yet concluded as to the impact on the Group.

5. Corporate, General and Administrative expenses

	3 months ended September 30		9 months ended September 30	
in thousands of Canadian dollars	**2018**	2017	**2018**	2017
ICSID Arbitration related	**8,837**	708	**16,471**	12,108
Payroll	**4,652**	1,689	**7,430**	4,853
Long lead-time equipment storage costs	**197**	220	**654**	659
Legal	**186**	202	**607**	705
Finance	**206**	314	**602**	767
Property and exploration taxes	**170**	165	**515**	494
Community relations	**115**	124	**361**	392
Information technology	**81**	79	**246**	264
External communications	**54**	36	**169**	140
Other	**687**	516	**1,721**	1,499
Corporate, general and administrative expense	**15,185**	4,053	**28,776**	21,881

ICSID Arbitration related costs are legal and other advisory services provided to the Company in respect of the ICSID Arbitration. The increase compared to the corresponding 2017 periods is due to the significantly higher 2018 activity levels in preparation for the November 2, 2018 filing of the Reply.

Payroll is the total of salaries, bonuses and relevant taxes for all Group employees and in the three-month period ended September 30, 2018 includes expenses for total officer compensation of \$3.7m, of which \$3.5m was in respect of settlement expenses paid to the Former Chief Executive Officer of the Group (“Former CEO”); the expenses include compensation for the forfeiture of all stock options, RSUs and DSUs held by the Former CEO at the time of his leaving the Company. Legal expenditures are in respect of general corporate legal advisory services to the Group.

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

6. Assets held for sale

Balance - December 31, 2016	13,417
Currency translation adjustment	306
Balance - December 31, 2017	13,723
Disposal	**(3,545)**
Impairment charge	**(3,943)**
Currency translation adjustment	**75**
Balance - September 30, 2018	**6,310**

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. In November 2017, the Company entered into an agreement to sell a ball mill for gross proceeds of $5.3 million. The sale was completed in May 2018. The agents' engagement is ongoing, with a mandate to secure a sale of the remaining equipment in the short-term.

At June 30, 2018, the value of the long-lead time equipment was assessed for indicators of impairment, and a charge of $3.9 million was recognised in the income statement for the period. No further impairment was assessed at September 30, 2018.

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

7. Cash and cash equivalents

As at	**September 30 2018**	December 31 2017
Cash at bank and on hand	**5,050**	2,737
Short-term bank deposits	**6,515**	28,483
	11,565	31,220

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. At September 30, 2018, the Group held $0.2 million in cash and cash equivalents in Romanian banks (December 2017: $0.3 million).

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

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

8. Trade and other payables

As at	**September 30 2018**	December 31 2017
Trade payables	**288**	252
Payroll liabilities	**1,205**	2,702
Accruals and other payables	**6,859**	955
	8,352	3,909

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. The increase in accruals and other payables period on period is due to the increase in ICSID Arbitration related activities in the period leading up to the filing of the Reply, and related advisory services. Payroll liabilities have reduced since the beginning of the year as accrued 2017 performance related payments and contract renegotiation compensation amounts have been paid in 2018.

9. Resettlement liabilities

RMGC previously had a program for purchasing homes in the Project area. Under the resettlement program, residents were offered two choices; either to take the sale proceeds and move to a new location of their choosing, or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the new resettlement site option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total balance at September 30, 2018 was $0.6 million (December 31, 2017: $0.5 million).

10. Other current liabilities

The Company has a Deferred Share Unit (“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 non-executive directors have received fifty per cent of their director fees payable in DSUs. DSUs are initially valued at the higher of the five-day weighted average market price of the Company’s common shares at the date of issue and the closing market price on the day before the grant. The value of DSUs is adjusted based on the closing common share price at the end of each subsequent reporting period.

During the three-month period ended September 30, 2018, there was no DSU issuance. However, accruals have been made for the value of DSUs to be issued to certain non-executive directors in lieu of fees for services provided during the second and third quarters. The issuance and cancellation of DSUs and the reporting period end fair value calculation has resulted in an aggregate decrease in the DSU liability during the nine-month period to September 30, 2018 of $0.3 million.

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 September 30, 2018, 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.

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

11. Non-controlling interest (continued)

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.

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 17.

Historical related party transactions with Minvest RM are disclosed in Note 11. There have been no transactions with Minvest RM in 2017 or 2018.

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 has drawn down an initial $0.5 million against the facility.

Certain settlement expenses paid to the Former CEO are disclosed in Note 5.

13. Common share options and equity settled RSUs

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, 2017 through September 30, 2018 as follows:

	Number of options ('000)	**Weighted average exercise price (dollars)**
Balance - December 31, 2016	26,745	0.77
Options granted	1,056	0.31
Options expired	(1,475)	1.88
Options exercised	(13)	0.40
Balance - December 31, 2017	26,313	0.69
Options granted	**315**	**0.35**
Options cancelled/forfeited	**(2,075)**	**0.56**
Options expired	**(3,950)**	**1.35**
Balance - September 30 2018	**20,603**	**0.57**

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

13. Common share options and equity settled RSUs (continued)

2,148,748 RSUs were issued to certain officers and employees of the Company in December 2017, and in connection with that issuance 2,405,715 RSUs that had been issued earlier in 2017 were cancelled. In the three months ended September 30, 2018, 914,401 RSUs issued to the Former CEO were forfeited. The remaining RSUs have vesting dates related to the achievement of certain milestones and the expense relating to them is amortized over this period. At September 30, 2018, equity settled RSUs held by directors, officers and employees have been expensed as follows:

	Number of equity settled RSUs to have vested (000's)	Price per common share (dollars)	Value
Balance - December 31, 2016	-	-	-
Expense recognised	1,445	0.38	549
Cancelled	(404)	0.38	(153)
Balance - December 31, 2017	**1,041**	**0.38**	**396**
Expense recognised	1,108	0.37	413
Forfeited	(914)	0.38	(347)
Balance - September 30, 2018	**1,234**	**0.37**	**461**

14. Loss per share

	3 months ended September 30		9 months ended September 30	
	2018	2017	**2018**	2017
Loss for the period attributable to owners of the parent	**17,176**	7,247	**37,901**	30,249
Weighted-average number of common shares (000's)	**384,453**	384,453	**384,453**	384,451
Basic and diluted loss per share	**$ 0.04**	$ 0.02	**$ 0.10**	$ 0.08

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	2018	2019	2020	2021	2022	Thereafter
Operating lease commitments							
Rosia Montana exploitation license	264	132	132	-	-	-	-
Surface concession rights	1,098	33	33	33	33	33	933
Property lease agreements	112	60	52	-	-	-	-
Total commitments	1,474	225	217	33	33	33	933

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

16. Segmental information

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

The Group has two segments: the first being the Romanian operating company, the principal activity of which was formerly the exploration, evaluation and development of precious metal mining projects in the country (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 September 30,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	**-**	**-**	**(57)**	(71)	**(57)**	(71)
Finance costs - convertible note accretion	**-**	**-**	**2,018**	1,793	**2,018**	1,793
Depreciation	**5**	17	**11**	10	**16**	27
Reportable segment loss	**1,610**	1,976	**15,566**	5,271	**17,176**	7,247
For the nine-month period ended September 30,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	**-**	**-**	**(222)**	(199)	**(222)**	(199)
Finance costs - convertible note accretion	**-**	**-**	**5,879**	5,224	**5,879**	5,224
Depreciation	**19**	78	**39**	31	**58**	109
Reportable segment loss	**6,752**	5,534	**31,149**	24,715	**37,901**	30,249
As at September 30,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets and assets classified as held for sale	**7,324**	6,264	**11,610**	46,544	**18,934**	52,808
Reportable segment non - current assets	**647**	613	**534**	40	**1,181**	653
Reportable segment liabilities	**(825)**	(983)	**(78,075)**	(67,408)	**(78,900)**	(68,391)

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

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

17. Private placements

In 2014 and 2016, the Company completed private placements with existing shareholders and a new investor (the "Private Placements"). A total of 95,625 units were issued pursuant to the 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 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 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 September 30, 2018, these two embedded derivatives were determined to have insignificant initial values and were accordingly not accounted for, but will be reassessed by Management at each reporting date.

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

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

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

Balance - December 31, 2016	**56,154**
Interest paid	(24)
Interest accretion	7,071
Balance - December 31, 2017	**63,201**
Interest accretion	5,879
Balance - September 30, 2018	**69,080**

18. Contingent liabilities

As at September 30, 2018, 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") refunds 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.

18. Contingent liabilities (continued)

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. The next hearing date for such challenge has been set for January 16, 2018.

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, and a first hearing date for such appeal has been set for January 17, 2019. RMGC has filed a statement of defence in response to ANAF's appeal.

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.

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 September 30, 2018.