



GABRIEL
Roşia Montană
IN PARTNERSHIP

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 9, 2021

2021 Third Quarter Report

Gabriel Resources Ltd. (TSXV trading symbol GBU - “**Gabriel**” or the “**Company**”) announces the publication of its Third Quarter Financial statements and Management’s Discussion and Analysis Report for the period ended September 30, 2021.

Summary

- Gabriel remains focused on the progression of its arbitration case brought by the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd., (together “**Claimants**”) against the Romanian State (“**Respondent**”) under the rules of the International Centre for Settlement of Investment Disputes (“**ICSID**”), part of the World Bank (“**ICSID Arbitration**”):
 - The filing by the Claimants and Respondent of simultaneous written submissions (“**Post-Hearing Briefs**”) in April 2021, which comment in conclusion on the evidentiary record, were expected to be the final substantive submissions by the parties in the ICSID Arbitration.
 - On July 27, 2021 the Roşia Montană Mining Cultural Landscape, an area covering the footprint of the Project, was inscribed by UNESCO on its World Heritage List (“**Inscription**”) and added to its List of World Heritage in Danger. The Inscription is consistent with, and further evidence of, Romania's political repudiation of the Project and its joint venture with Gabriel.
 - In a procedural order issued on September 30, 2021, the arbitral tribunal (“**Tribunal**”) allowed evidence relating to the Inscription into the record and the parties agreed a written procedure to address those documents. The Claimants filed their submission on October 29, 2021 and the Respondent will have until December 6, 2021 to file its response. The Tribunal also held out the prospect of a further procedural step in the form of an additional oral hearing or a written phase in response to any Tribunal questions that may arise following the filing of the Post-Hearing Briefs.
 - In the absence of any further questions from the Tribunal, or other procedural interventions, it is anticipated that the Tribunal will focus on its deliberations and preparation of its final decision (“**Award**”). There is no specified timeframe in the ICSID Rules in which a further procedural step may be undertaken or an Award is to be made by the Tribunal.
- The net loss for the third quarter of 2021 was \$3.0 million (Q2 2021 \$6.0 million).
- As at September 30, 2021, the Company held \$4.7 million of cash and cash equivalents (Q2 2021 \$7.0 million). The Company believes that it has sufficient funding necessary to cover its planned activities through to March 2022 and will need to raise additional financing in Q1 2022 to fund ICSID Arbitration costs and working capital requirements thereafter.

Dragos Tanase, Gabriel’s President and Chief Executive Officer, stated:

“We remain disappointed that Romania chose to pursue the UNESCO listing, which severely undermines the possibility of a future amicable resolution of the dispute, and we await the conclusion of the current round of ICSID Arbitration submissions relating thereto. We look forward to notification of the next procedural steps or a final decision from the Tribunal, which we hope will recognize the merit of Gabriel’s claims, and continue to rely upon the patience, understanding and financial support of our shareholders in the interim.”

Further information and commentary on the results in the third quarter of 2021 is given below.

The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q3 2021 and related Management's Discussion & Analysis on SEDAR at www.sedar.com and each is available for review on the Company's website at www.gabrielresources.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Further Information

Status of the ICSID Arbitration

- The ICSID Arbitration seeks compensation for all of the loss and damage suffered by the Claimants, resulting from the Respondent's wrongful conduct and its breaches of the protections afforded by certain treaties for the promotion and protection of foreign investment to which Romania is a party, including against expropriation, unfair and inequitable treatment, discrimination and other unlawful treatment in respect of the Roşia Montană gold and silver project, together with the gold, silver and porphyry copper deposits defined in the Bucium concession area ("**Projects**") and related licenses.
- Subsequent to the filing of the Post-Hearing Briefs, in a procedural order issued on September 30, 2021, the Tribunal granted the Claimants request for permission to submit certain new evidence into the record in relation to: (i) the Inscription; and (ii) the decision of Romania's Buzău Tribunal dated December 10, 2020 rejecting a legal challenge to the second archaeological discharge certificate issued for the Cărnic massif. The Tribunal also invited the parties to confer on a procedure for addressing the new documents. The parties subsequently agreed that each would make one written submission presenting their respective arguments, limited to a maximum of 10,000 words. The Claimants filed their submission on October 29, 2021 and the Respondent will have until December 6, 2021 to file its response.
- Notwithstanding the filing of the Post-Hearing Briefs, which are typically the final substantive written submissions of the parties in the proceedings, the Tribunal has held out the prospect of a further procedural step in the form of an additional oral hearing or a written phase for the parties to respond to any Tribunal questions that may arise following the filing of the Post-Hearing Briefs. In the absence of any further questions from the Tribunal or other procedural interventions, it is anticipated that the Tribunal will now focus on its deliberations and preparation of its Award.
- There is no specified timeframe in the ICSID Rules in which a further procedural step may be undertaken or an Award is to be made by the Tribunal. Furthermore, any Award may be subject to a request for annulment (albeit such request can only be made on very limited grounds).

UNESCO World Heritage

- The Inscription is incompatible with the rights the Gabriel group acquired to develop the Project and the continued existence of an exploitation mining license for the Project area and thus materially undermines the possibility of an amicable resolution of the dispute with Romania that would allow for the development of the Project.
- Romania's application to UNESCO and the subsequent Inscription are fundamentally at odds with Romania's obligations under its investment treaties in relation to Gabriel's investments and these acts, together with other measures taken by Romania, further evidence Romania's political repudiation of the Project and its joint venture with Gabriel.

Financial Performance

- Operating loss for the third quarter was \$3.0 million, some \$6.2 million lower than the corresponding period in 2020, arising from \$5.6 million lower costs related to the ongoing ICSID Arbitration, reflecting the more limited activity in the third quarter of 2021 (whereas the corresponding period in 2020 included preparation for and attendance at the second oral hearing), \$0.2 million of lower costs related to payroll, and \$0.2 million lower share-based payments. An impairment charge of \$0.7 million in the third quarter of 2021 was offset entirely by severance costs of the same amount in the corresponding period in 2020.

- The net loss for the third quarter of 2021 was also \$3.0 million, a decrease of \$8.7 million from a net loss of \$11.7 million in the corresponding period in 2020, primarily reflecting the \$6.2 million reduction in operating loss noted above together with a \$ 0.1 million gain in foreign exchange and \$2.4 million of finance costs incurred in respect of the convertible notes in 2020 not repeated following their repayment in June 2021.

Liquidity

- Cash and cash equivalents at September 30, 2021 were \$4.7 million.
- The Company's average monthly cash usage during Q3 2021 was \$0.8 million (Q2 2021: \$1.0 million), the decrease primarily reflecting the reduction in payments related to ICSID Arbitration costs.
- At September 30, 2021, accruals for costs in respect of the ICSID Arbitration amounted to \$ 3.6 million (Q2 2021: \$3.4 million), the increase reflecting the continuation of a fee agreement in respect of the deferred payment of certain ICSID Arbitration costs until an Award is issued.

Sale of Long Lead Time Equipment ("LLTE")

- LLTE consisting of crushing and milling equipment was originally procured by the Group between 2007 and 2009 for the operational phase of the Project. Since 2015, the Group has sold a majority of the LLTE, with the remaining LLTE comprising predominantly a SAG mill together with a gearless motor drive, and ball mill motors.
- On November 1, 2021 RMGC concluded an agreement with a buyer for an instalment based purchase of the remaining LLTE, and received a non-refundable deposit of US\$375,000 (approx. \$475,000). Further instalments are due in the period to September 2022 and once final payment is made ownership and title to the assets will pass to the purchaser, resulting in aggregate gross proceeds of US\$1.75 million (approx. \$2.2 million). Taking into account costs of sale, including the costs of storage and insurance of the LLTE for the instalment period, Gabriel expects to add to treasury net cash receipts of approximately US\$1.5 million (approx. \$1.9 million). Accordingly, the carrying amount of the remaining LLTE was written down to its fair value less costs of sale and an impairment charge of \$0.7 million was taken in the third quarter.

Capital Resources

- The Company believes, taking into account the deferred fee agreement and the proceeds receivable from the sale of the LLTE, it has sufficient cash to enable the Group to fund general working capital requirements together with the material estimated costs associated with the Company advancing the ICSID Arbitration through to March 2022.
- 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 and further procedural steps may be required to be completed prior to the issuance of an Award. Accordingly, Gabriel will need to raise additional financing in Q1 2022 in order to preserve its remaining assets, including the exploitation license for the Roşia Montană Project ("**License**") and associated rights and permits post March 2022, while it awaits an Award from the Tribunal.
- Thereafter, the Group will also require further funding for general working capital purposes, and to pursue the long-term activities required to see the ICSID Arbitration through to its conclusion, which may include, as appropriate, costs of any potential annulment proceedings and/or costs of enforcement of any Award.
- Notwithstanding the Company's recent and historic funding, there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all.

Impact of Coronavirus

- With respect to the outbreak of the novel coronavirus (COVID-19), Gabriel continues to consider carefully its impact, noting the continuing disruption to normal activities and the uncertainty over the duration of this disruption. The highest priority of the Board of Directors and Management is the health, safety and welfare of the Group's employees and contractors. Gabriel recognizes that the situation is extremely fluid and is monitoring the relevant recommendations and restrictions on work practices and travel. At this time, these recommendations and restrictions do not significantly impact Gabriel's ability to continue the ICSID Arbitration process or conduct the limited operations in Romania, nor has there been a significant impact on the Group's results or operations to date.

- The Group will continue to seek new investment and the market and timing may be adversely affected by the effects of COVID-19. As a result, Gabriel will react to circumstances as they arise and will make any necessary adjustments to the work processes required. Should any material disruption from COVID-19 affect the Group for an extended duration, Gabriel will review certain planned activities in Romania and take remedial actions if it is determined to be necessary or prudent to do so.

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About Gabriel

Gabriel is a Canadian resource company listed on the TSX Venture Exchange. The Company's principal business had been the exploration and development of the Roşia Montană gold and silver project in Romania. The Roşia Montană Project, one of the largest undeveloped gold deposits in Europe, is situated in the South Apuseni Mountains of Transylvania, Romania, an historic and prolific mining district that since pre-Roman times has been mined intermittently for over 2,000 years. The exploitation license for the Roşia Montană Project is held by Roşia Montană Gold Corporation S.A., a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roşia Montană S.A., a Romanian state-owned mining company.

Upon obtaining the License in June 1999, the Group focused substantially all of their management and financial resources on the exploration, feasibility and subsequent development of the Roşia Montană Project. Despite the Company's fulfilment of its legal obligations and its development of the Roşia Montană Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has unlawfully blocked and prevented implementation of the Roşia Montană Project without due process and without compensation. Accordingly, the Company's current core focus is the ICSID Arbitration. For more information please visit the Company's website at www.gabrielresources.com.

Forward-looking Statements

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

In this press release, 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 material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: the ICSID Arbitration, actions by the Romanian Government, 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, 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 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 outbreak of the coronavirus (COVID-19) may affect the Company's operations and/or the anticipated timeline for the ICSID Arbitration;
- the duration, costs, process and outcome of the ICSID Arbitration;
- Romania's actions following the inscription of the "Roşia Montană Mining Landscape" as a UNESCO World Heritage site;
- changes in the liquidity and capital resources of Gabriel, and/or the group of companies of which it is directly or indirectly parent;
- access to funding to support the Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of new or existing securities in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the TSX Venture Exchange or any regulated public market for trading securities;

- the impact on business strategy and its implementation in Romania of: any allegations of historic acts of corruption, uncertain fiscal investigations; 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 regimes and interpretation of existing and future fiscal and other legislation;
- global economic and financial market conditions;
- volatility of currency exchange rates; and
- the availability and continued participation in operational or other matters pertaining to the Group of certain key employees and consultants.

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

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this press release 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 which can be viewed online at www.sedar.com.