



GABRIEL
Rosia Montana
IN PARTNERSHIP

PRESS RELEASE

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2018 First Quarter Report

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces the publication of its First Quarter Financial Statements and Management’s Discussion and Analysis Report for the period ended March 31, 2018.

Summary

- The Company remains focused on the progression of its International Centre for Settlement of Investment Disputes (“ICSID”), part of the World Bank, arbitration case against Romania (“ICSID Arbitration”).
- On February 22, 2018, Romania filed its counter-memorial (“Counter-Memorial”) with ICSID in response to the Company’s June 2017 filing of a memorial on the merits and quantum of its claim (“Memorial”). Gabriel, together with its counsel, is currently analyzing the Counter-Memorial.
- On April 5, 2018, the three-person tribunal (“Tribunal”) selected to hear and determine the ICSID Arbitration was reconstituted following the appointment of Professor Tercier as the presiding arbitrator, and the suspension of the proceedings was lifted.
- On April 5, 2018, the Company’s 80.69% owned Romanian subsidiary, Rosia Montana Gold Corporation (“RMGC”), initiated court action seeking the annulment of the RON 27m (approximately \$8.6m) VAT assessment (the “VAT Assessment”) which the Romanian National Agency for Fiscal Administration (“ANAF”) issued against RMGC in July 2017..
- Gabriel transferred the listing of its common shares from the Toronto Stock Exchange (the “TSX”) to the TSX Venture Exchange on February 1, 2018.
- The net loss for the first quarter of 2018 was \$6.9 million (Q4 2017 \$7.4 million).
- As at March 31, 2018, the Company held \$27.9 million of cash and cash equivalents.
- On May 4, 2018, the Company completed the sale of a ball mill for net proceeds of \$4.3 million.

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

“Gabriel’s efforts will continue to focus on the preparation of its reply to Romania’s Counter-Memorial, which is scheduled to be filed in the latter half of 2018, and on the continuation of the \$5.7 billion ICSID Arbitration claim.”

Further information and commentary on the results in the first quarter of 2018 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q1 2018 and related Management’s Discussion & Analysis, together with the Annual Information Form of the Company for the year ended December 31, 2017 on SEDAR at www.sedar.com and each is available for review on the Company’s website at www.gabrielresources.com.

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Further Information

Status of the ICSID Arbitration

- The ICSID Arbitration seeks compensation for all of the losses and damages suffered by the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together “Claimants”), resulting from the Romanian State’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 against expropriation, unfair and inequitable treatment and discrimination in respect of the Roşia Montană gold and silver project (the “Roşia Montană Project”) and the prospective gold, silver and porphyry copper deposits in the neighbouring Bucium concession area (“Projects”) and related licenses.
- On February 7, 2018, the presiding arbitrator, Ms. Teresa Cheng, resigned. As a result, the proceedings were suspended in accordance with the ICSID Arbitration Rules until such time as the vacancy was filled. On April 5, 2018, the Tribunal was reconstituted following the appointment of Professor Tercier as the presiding arbitrator and the suspension of the proceedings was lifted.
- On February 22, 2018, Romania filed its Counter-Memorial in response to the Memorial. Gabriel, together with its counsel, is currently preparing its reply in support of its claim (“Reply”), which will be filed in accordance with the Procedural Calendar (including any amendments that may flow from the suspension of proceedings) once established following the recent reconstitution of the Tribunal. A summary of the procedural aspects of the ICSID Arbitration is available on ICSID’s website.

VAT Assessment

- As previously reported, the RON 27m (approximately \$8.6m) VAT Assessment levied against RMGC (together with a further demand of RON 18.6 million (approximately \$6.0 million) in respect of related interest and penalties) by ANAF 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.
- On August 9, 2017, RMGC filed an administrative challenge before the Romanian tax authorities against the VAT Assessment. It is the Company’s understanding that such challenge should have been determined by ANAF within a six month period, however, to date, no decision has been issued. 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. A hearing date for the annulment proceedings has not yet been set.
- On August 10, 2017, RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal (“Court of Appeal”). On October 2, 2017, the Court of Appeal admitted RMGC’s request pending the determination of RMGC’s annulment challenge of the VAT Assessment. On March 2, 2018 RMGC received a copy of the Court of Appeal’s written decision. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date for such appeal has yet been set. RMGC has filed a statement of defence in response to ANAF’s appeal.
- The Company intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets.

Liquidity and Capital Resources

- The Company’s average monthly cash usage during Q1 2018, including costs in respect of the ICSID Arbitration, was \$1.1 million (Q4 2017 monthly average: \$2.2 million). At the end of Q1 2018, accruals for costs in respect of the ICSID Arbitration amounted to \$2.3 million (Q4 2017: \$0.3 million). Through to the end of 2018 the Company expects an increase in costs to be incurred for the ICSID Arbitration compared to Q1 2018 due to legal advisory services in respect of the review and response to the Counter-Memorial.
- Cash and cash equivalents at March 31, 2018 amounted to \$27.9 million. On May 4, 2018, the Company closed an agreement to sell a ball mill for net proceeds of US\$3.3 million (approx. \$4.3 million).
- Based on the approved budget the Company estimates it has sufficient sources of funding to cover its planned activities through to the second quarter of 2019. Management is in ongoing discussions about the provision of longer-term funding for the Company.

Financial Performance

- The net loss for the first quarter of 2018 was \$6.9 million, a reduction from a loss of \$9.3 million in the corresponding period in 2017, primarily due to the significantly higher 2017 legal and other advisory activity levels in preparation for the filing by Gabriel of its Memorial.

About Gabriel

Gabriel is a Canadian resource company with its common shares listed on the TSX Venture Exchange. For many years, the Company was focused principally on 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 ("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 (as defined below) 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 fulfillment 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 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 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 Gabriel, and the group of companies of which it is directly or indirectly parent ("Group"), conditions or events impacting the Company's ability to fund its operations 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 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", "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 against Romania;
- changes in the liquidity and capital resources of the Group;
- 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 of the Company;
- 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: unforeseen 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 and fiscal regimes;
- volatility of currency exchange rates; and
- the availability and continued participation in operational or other matters pertaining to the Group of certain key employees and consultants.

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

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this 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.