



GABRIEL
Rozia Montană
IN PARTNERSHIP

PRESS RELEASE

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2019 Third Quarter Report

Gabriel Resources Ltd. (“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, 2019.

Summary

- Gabriel remains focused on the progression of its arbitration case against Romania under the rules of the International Centre for Settlement of Investment Disputes (“ICSID”), part of the World Bank (“ICSID Arbitration”). A hearing on the merits of the claim (“Hearing”) is scheduled to be held in Washington D.C. from December 2 to 13, 2019.
- On October 15, 2019, the tribunal constituted to adjudicate the ICSID Arbitration (“Tribunal”) granted Romania’s request to maintain the Hearing of two weeks but proposing to hold an additional one week hearing as soon as possible thereafter (“Second Hearing”). The Tribunal has yet to indicate dates upon which it is available to conduct the Second Hearing.
- On September 13, 2019, the Company announced that it had completed the closing of a private placement of equity and warrants to raise gross proceeds of US\$20 million (approximately \$26.4 million).
- Cash and cash equivalents at September 30, 2019 were \$34.3 million (Q2 2019 \$12.7 million).
- On October 18, 2019, a final payment of US\$2.95 million was received in respect of an agreement with a third party buyer to purchase the remaining ball mill, excluding motors. In aggregate, gross proceeds of the sale amounted to US\$3.3 million (approx. \$4.3 million) inclusive of a deposit of US\$325,000 received in June 2019.
- The net loss for the third quarter of 2019 was \$11.1 million (Q2 2019 \$7.4 million).

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

“We are extremely grateful to shareholders for once again supporting the recent financing and, along with the proceeds from the sale of the ball mill, Gabriel is well funded to fully focus on its preparation for the ICSID Arbitration hearing in December and beyond.”

Further information and commentary on the results in the third quarter of 2019 are given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q3 2019 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.

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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 (“Respondent”) 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 the Roşia Montană Project and the prospective gold, silver and porphyry copper deposits in the neighbouring Bucium concession area (“Projects”) and related licenses.
 - On May 25, 2018, the Respondent filed a jurisdictional objection with the Tribunal challenging the jurisdiction of the Tribunal to hear the claims presented by Gabriel Resources (Jersey) Ltd. (“Jurisdictional Challenge”).
 - On November 2, 2018, Claimants filed its reply (“Reply”) with ICSID, a comprehensive rebuttal of the legal and factual contentions raised in the Respondent’s counter-memorial of February 22, 2018 (“Counter-Memorial”), and its response to the Jurisdictional Challenge.
 - On February 28, 2019, the Claimants and the Respondent filed their comments on an amicus curiae submission to the Tribunal by certain non-governmental organizations (or “non-disputing parties”) who have opposed the Roşia Montană Project for many years.
 - On May 24, 2019, Romania filed its rejoinder with ICSID (“Rejoinder”) in response to the Company’s Reply, together with its own reply to the Company’s counter-memorial on the Jurisdictional Challenge; and
 - On June 28, 2019, Gabriel filed its surrejoinder on the Jurisdictional Challenge (“Surrejoinder”).
- On October 15, 2019, the Tribunal granted the Respondent’s late request of September 26, 2019 to bifurcate the Hearing – maintaining the original Hearing of two weeks scheduled in December 2019 but proposing to hold an additional one week hearing as soon as possible thereafter.
- On October 25, 2019, the Tribunal and the parties held a telephone conference to discuss the organization of the Hearing. The Tribunal has yet to indicate dates upon which it is available to conduct the Second Hearing.
- Gabriel, together with its counsel, White & Case LLP, is currently preparing for the Hearing in December.
- Redacted versions of the core submissions in the case, including the Memorial, the Counter-Memorial, the Reply and the Rejoinder have been published on the ICSID website.

VAT Assessment

- As previously reported, an assessment of a liability for value added tax in the amount of RON 27m (approximately \$8.6 million) (“VAT Assessment”) was levied against Roşia Montană Gold Corporation S.A. (“RMGC”), together with a further demand in respect of RON 18.6 million (approximately \$6.0 million) of related interest and penalties, by the Romanian National Agency for Fiscal Administration (“ANAF”). The VAT 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 February 6, 2019, the Alba Court of Appeal (Division for Administrative and Tax Claims) ruled in favour of RMGC’s annulment challenge of the VAT Assessment. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, and the first hearing date has been set as December 2, 2020. RMGC is contesting this appeal and a stay of enforcement granted by the Alba Iulia Court of Appeal remains in effect for the VAT Assessment and for the interest and penalties demand.
- 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.

Financing

- On September 13, 2019, the Company completed closing of a non-brokered private placement of 81,730,233 units of the Company (the “Units”). Each Unit consists of one Common Share and one Common Share purchase warrant (Warrant”) and was issued by the Company at a price of \$0.3225 per Unit for gross proceeds of US\$20 million (approximately \$26.4 million). Each Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.645 at any time within five years of issuance. The new Common Shares and new Warrants issued are subject to a statutory 4-month hold period.
- This fundraising, together with existing treasury and the proceeds from the sale of long lead-time equipment described below, is expected to enable the Group to maintain its primary assets, including its License and associated rights and permits, and to fund general working capital requirements together with the material estimated costs associated with the Company advancing the ICSID Arbitration through the Hearing and the following year.

Long Lead-Time Equipment

- Long lead-time equipment comprised of crushing and milling equipment was originally procured by the Gabriel, and the group of companies of which it is directly or indirectly parent (“Group”) between 2007 and 2009 for the operational phase of the Roşia Montană 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.
- On June 19, 2019, RMGC concluded an agreement with an interested buyer for an option to purchase the remaining ball mill, excluding motors, and received a non-refundable deposit of US\$325,000. A final payment of US\$2.95 million was received on October 18, 2019, for aggregate gross proceeds of US\$3.275 million (approx. \$4.27 million). Taking into account costs of sale, including commission to the Company’s equipment broker, Gabriel added to its treasury net cash receipts of US\$2.3 million (approx. \$3.0 million).
- The Company continues, through its agents, to procure the sale of the remaining long lead-time equipment, comprising predominantly a SAG mill, gearless motor drive and ball mill motors.

Liquidity and Capital Resources

- Cash and cash equivalents at September 30, 2019 were \$34.3 million, inclusive of the above-mentioned deposit of approximately \$0.43 million.
- The Company’s average monthly cash usage during Q3 2019 was \$1.5 million (Q2 2019: \$1.4 million). The higher cash usage in Q3 2019 compared to Q2 2019 was due principally to the increase in Arbitration related activities in the period, including analysing the Respondent’s Rejoinder and preparing for the Hearing taking place in December 2019. At the end of Q3 2019, accruals for costs in respect of the ICSID Arbitration amounted to \$4.2 million (Q2 2019: \$1.4 million), primarily reflecting the acceleration in activities related to the Arbitration in the period.
- The Company believes that it has sufficient sources of funding to cover its planned activities for the foreseeable future, including the significant estimated costs associated with the Company advancing the ICSID Arbitration through the Hearing and the following year. Management continues to review the Company’s activities in order to identify areas to rationalize expenditures.

Financial Performance

- The net loss for the third quarter of 2019 was \$11.1 million, a decrease of \$6.1m from a loss of \$17.2 million in the corresponding period in 2018, primarily due to lower costs related to the ongoing ICSID Arbitration and the inclusion in the 2018 operating loss of an expense of \$3.5 million in respect of settlement expenses paid to the former chief executive officer of the Group.

About Gabriel

Gabriel is a Canadian resource company listed on the TSX Venture Exchange. The Company’s principal focus has 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 Roșia Montană Project. Despite the Company's fulfilment of its legal obligations and its development of the Roșia Montană Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Roșia 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:

- delay or extension to the duration of the ICSID Arbitration;
- required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- 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: 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 regimes and interpretation of existing and future fiscal and other legislation;
- volatility of currency exchange rates, metal prices and metal production;
- the availability and continued participation in operational or other matters pertaining to the Group of certain key employees and consultants; and
- risks normally incident to the exploration, development and operation of mining properties.

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.

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