



GABRIEL
Roşia Montană
IN PARTNERSHIP

PRESS RELEASE

FOR IMMEDIATE RELEASE

May 26, 2022

2022 First Quarter Report

Gabriel Resources Ltd. (TSXV:GBU - “**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, 2022.

Summary

- Gabriel and its wholly-owned indirect subsidiary, Gabriel Resources (Jersey) Ltd. (together “**Claimants**”) remain focused on concluding their arbitration case 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 ICSID Arbitration case is well advanced.
 - In December 2021, the President of the arbitral tribunal (“**Tribunal**”) stated that the Tribunal was deliberating and would render an arbitral award (“**Award**”) in 2022.
 - In January 2022, the Tribunal confirmed that, in due course, it would revert to the Claimants and Respondent (together “**Parties**”) about the possibility and timing of any further questions for the Parties to respond to and/or any requirement for an additional oral hearing in the case.
 - In April 2022, the Tribunal issued a limited list of further questions to the Parties, with the purpose of having a complete record when it concludes its deliberations on the case as a whole and prepares the Award. The Claimants and Respondent submissions responding to the Tribunal’s questions are to be filed by June 14 and August 15, 2022, respectively.
 - Notwithstanding the Tribunal’s statement that it would render an Award in 2022, there is no specified timeframe in the ICSID Rules applicable to this case in which an Award is to be made by the Tribunal.
- In November 2021, an agreement was concluded for the sale of the remaining mining equipment owned by the Gabriel group (“**Group**”) for US\$1.75 million (approx. \$2.2 million) and initial payments of US\$0.625 million in aggregate were received prior to the 2021-year end. Further instalments totaling US\$0.375 million were received in the first quarter of 2022, with additional monthly instalments due until September 2022.
- In February 2022, an agreement was concluded for the sale of certain land and buildings owned by the Group in Alba Iulia, Romania for EUR 1 million (approx. \$1.45 million), of which EUR 750,000 was received prior to March 31, 2022 and the balance was received on April 19, 2022.
- The net loss for the first quarter of 2022 was \$0.9 million (Q4 2021 \$2.2 million).
- As at March 31, 2022, the Company held \$2.3 million of cash and cash equivalents (Q4 2021 \$3.3 million).
- On May 24, 2022, the Company announced a non-brokered private placement (the “**2022 Private Placement**”) of up to 33,105,117 common shares of the Company (“**Common Shares**”) at a price of \$0.215 each for gross proceeds of up to US\$5.6 million (approximately \$7.1 million).
- On the basis that the 2022 Private Placement completes, the Company believes that it has sufficient funding necessary to cover its planned activities through to March 2023 and will need to raise additional financing thereafter to fund ICSID Arbitration costs and working capital requirements.

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

"We are focused on addressing the questions of the Tribunal in the hope that this will be the last substantive written submission to be made in the case and an Award can be issued within 2022, as indicated by the Tribunal in December 2021. Our immediate goal is to complete the announced private placement to finance the continued operations of Gabriel for the short term and then to assess the strategic direction of the business post Award."

Further information and commentary on the results in the first quarter of 2022 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q1 2022 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.

For information on this press release, please contact:

Dragos Tanase
President & CEO
Phone: +40 730 399 019
dt@gabrielresources.com

Richard Brown
Chief Financial Officer
Mobile: +44 7748 760276
richard.brown@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 written pleadings in April 2021 ("**Post-Hearing Briefs**"), the Claimants and Respondent filed their submissions on October 29, 2021 and December 6, 2021 respectively in relation to: (i) the July 27, 2021 inscription of the Roşia Montană mining landscape on the UNESCO World Heritage List and List of World Heritage in Danger ("**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.
- In late December 2021, the President of the Tribunal stated that the Tribunal was currently deliberating and would render an Award in 2022.
- In January 2022, the Tribunal further confirmed to the Parties that the Tribunal had been thoroughly reviewing the case file and deliberating over the past months, and would continue to do so and, in due course, would revert to the Parties about the possibility and timing of any further questions for the Parties to respond to and/or any additional oral hearing.
- In April 2022, the Tribunal informed the Parties that, since the filing of the Post-Hearing Briefs, it had held numerous deliberations in order to reach a decision on the claims and defenses in the matter and had concluded that there were certain aspects of the case for which it needs further information. Therefore, the Tribunal issued a limited list of further questions to the Parties, with the purpose of having a complete record when it concludes its deliberations on the case as a whole and prepares the Award. The Parties have been invited to file their submissions responding to the questions by June 14, 2022 for Claimants and by August 15, 2022 for the Respondent (or on a schedule to be agreed upon by the Parties). The Tribunal also reserved the possibility of an additional round of submissions by the parties on the questions if it considered the same to be necessary following its review of the first round of pleadings.

- Notwithstanding the Tribunal's statement that it would render an Award in 2022, there is no specified timeframe in the ICSID Rules applicable to this case in which an Award is to be made by the Tribunal. Furthermore, an additional procedural step may be required by the Tribunal prior to the issuance of an Award and any Award may be subject to a request for annulment (albeit such annulment application can only be made on very limited grounds under the ICSID Rules).

UNESCO World Heritage

- The Inscription is fundamentally incompatible with the rights the Group acquired to develop the Project and the continued existence of an exploitation mining license for the Project area and 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.

Liquidity

- Cash and cash equivalents at March 31, 2022 were \$2.3 million.
- The Company's average monthly cash usage during Q1 2022 was \$0.3 million (Q4 2021: \$0.5 million), the decrease primarily reflecting the consistent level of ongoing operational cost and limited ICSID Arbitration activity quarter on quarter, offset by cash receipts from the sale of land at Recea and long lead-time equipment noted below.
- At March 31, 2022, accruals for costs in respect of the ICSID Arbitration amounted to \$3.7 million (Q4 2021: \$3.7 million), 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")

- As previously announced, on November 1, 2021 Roşia Montană Gold Corporation S.A. ("**RMGC**"), Gabriel's 80.69%-owned Romanian subsidiary, concluded an agreement with a buyer for an instalment-based purchase of the remaining LLTE for aggregate gross proceeds of US\$1.75 million (approx. \$2.2 million). Aggregate payments of US\$1 million (approx. \$1.25 million) were received prior to March 31, 2022. Further instalments have been paid in Q2 2022 and remain due in the period to September 2022. The carrying amount of the LLTE was written down to its fair value less costs of sale as at December 31, 2021 and the LLTE will remain on the balance sheet of the Company until the final payment is made, when ownership and title to the assets will pass to the purchaser.

Sale of Land at Recea

- On February 25, 2022, RMGC concluded a definitive sale and purchase agreement for the sale of 93 plots of land covering a total area of 68,229 sqm and a small number of buildings owned by RMGC as part of the housing construction undertaken in the Recea resettlement neighborhood of Alba Iulia ("**Recea Land**"). Following the impairment of all Project related assets held as "mineral properties" in the consolidated statement of financial position as at December 2015, the Recea Land is held at nil book value on the balance sheet of the Company.
- The agreed sale price is EUR 1,000,000 (approx. \$1.45 million), to be received by RMGC in RON. A deposit of EUR 200,000 was received by RMGC on February 7, 2022 and EUR 550,000 was received in March 2022. The final instalment of EUR 250,000 was received on April 19, 2022.

Capital Resources

Private Placement

- On May 24, 2022, the Company announced the 2022 Private Placement of up to 33,105,117 Common Shares at a price of \$0.215 each for gross proceeds of up to US\$ 5.6 million (approximately \$ 7.1 million). The closing of the 2022 Private placement is subject to certain conditions, including, but not limited to, the approval of the TSX Venture Exchange and the receipt of all other applicable approvals and is expected to complete on or about June 20, 2022. The Company will use the proceeds from the 2022 Private Placement to finance the ongoing costs of the ICSID Arbitration and for general working capital requirements.

Future Financing Requirements

- The Company believes that, assuming completion of the 2022 Private Placement and taking into account the fee agreement in respect of the deferral of payment of certain ICSID Arbitration costs, the final instalment received from the sale of the Recea Land 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 2023.
- At that time Gabriel may still await an Award from the Tribunal, as 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, post March 2023 the Group will require further funding in order 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) and for general working capital purposes, including to preserve its remaining assets, including the exploitation license for the Roşia Montană Project (“**License**”) and associated rights and permits.
- 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. There is no assurance that the Company will be successful in completing the 2022 Private Placement, in which case the Company believes that 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 mid-July 2022 and will seek alternative sources of additional financing.

Financial Performance

- Operating loss for the first quarter of 2022 was \$2.4 million, some \$3.6 million lower than the corresponding period in 2021 primarily arising from (i) \$2.6 million lower costs related to the ongoing ICSID Arbitration, reflecting the more limited activities in the Q1 2022, whereas comparable costs in 2021 reflect certain costs related to the preparation of Post-Hearing Briefs; (ii) \$0.1m lower payroll costs (iii) \$0.5 million lower costs related to corporate, general and administration; and (iv) a \$0.4m reduction in share-based compensation.
- The net loss for the first quarter of 2022 was \$0.9 million, \$1.4 million lower than the operating loss in that period, reflecting a gain of \$1.4 million recognized on the disposal of the Recea Land in February 2022. The Q1 2022 net loss is a decrease of \$7.9 million from a loss of \$8.6 million in the corresponding period in 2021, primarily reflecting the \$3.7 million reduction in operating loss and \$1.4m gain on disposal noted above together with \$2.6 million of finance costs incurred in respect of the convertible notes in 2021 not repeated following their repayment in June 2021.

Impact of Coronavirus

- With respect to the ongoing coronavirus (COVID-19) pandemic, 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 through 2022 to date.

- The Group will require further 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 the 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.

Russia-Ukraine Conflict

- Given, amongst other things, the geographical proximity of Romania to Ukraine, Gabriel is closely monitoring the situation in Ukraine with concern for all those who are impacted by the unfolding conflict and humanitarian crisis.
- At this time, Gabriel has not experienced any material disruption to its operations, including its limited activities in Romania, as a consequence of the Russia-Ukraine conflict and the Group will continue to operate its business in accordance with the circumstances that arise, which currently remain highly uncertain.

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 geo-political situation and the resulting economic developments arising from the unfolding conflict and humanitarian crisis as a consequence of the Russia-Ukraine conflict;
- the duration, costs, process and outcome of the ICSID Arbitration;
- Romania's actions following the inscription of the "Roșia 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.