

London, England (FSCwire) - Further to the announcement made on May 11, 2017, [Gabriel Resources Ltd.](#) ("Gabriel" or the "Company") announces that its Romanian subsidiary, RoÈ&trade;ia MontanĂ&fnof; Gold Corporation S.A. ("RMGC"), has been served with a decision by the Romanian National Agency for Fiscal Administration ("ANAF") assessing a liability for value added tax ("VAT") in the principal amount of approximately RON 27m (\$8.6m)[1] ("VAT Assessment"). This amount does not include any penalties or fines which the Company understands are also likely to be levied. The liability relates to VAT previously claimed and received by RMGC in respect of its purchase of goods and services from July 2011 to January 2016. The VAT Assessment is due for payment on August 5, 2017 although RMGC has until August 21, 2017 to make an administrative appeal to ANAF, which it fully intends to pursue.

The Company views this VAT Assessment as fundamentally flawed and abusive, and plainly retaliatory coming just days after the Company filed its statement of claim in its ICSID arbitration against Romania seeking compensation in an amount equivalent to \$5.7 billion<sup>[2]</sup> ("ICSID Arbitration Claim").

The VAT Assessment follows the re-run of a prior VAT audit concluded by ANAF in July 2016 which assessed a liability for approximately the same amount, rising with interest and penalties to RON 42.9m (then approximately \$13.7m) but which was successfully challenged by RMGC and partially quashed by ANAF in September 2016 (the "Quashed 2016 Assessment").

[1] Assumes the July 5, 2017 Bank of Romania exchange rate of RON 0.3198 to the \$

[2] The claim, based on a damages assessment performed by an independent expert, seeks compensation in the amount of US\$4.4 billion, the Canadian dollar equivalent uses the closing foreign exchange rate on June 27.

In common with the Quashed 2016 Assessment, Gabriel and RMGC will vigorously challenge this decision. The VAT Assessment has been issued despite its conclusions being wholly contradictory to the results of at least 18 prior VAT audits conducted by various divisions of ANAF relating to similar categories of expense, suppliers, transactions and activities and despite the substance of the audit being almost identical to the Quashed 2016 Assessment. The Company also believes that the procedure followed by ANAF to arrive at the VAT Assessment 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 basis of the VAT Assessment continues a remarkable departure from ANAF practice and precedent including ANAF's reliance on submissions from known opponents to the Rosia Montana Project ("Project") and lawyers who have acted for anti-mining NGOs in opposing permits for the Project. This practice, together with the wide-ranging extent of other ongoing enquiries undertaken by a separate directorate of ANAF, previously disclosed by Gabriel, evidences that the actions of ANAF continue to be made in bad faith and are an abuse of power by the Romanian authorities.

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

"The Company believes that the VAT Assessment is without merit, enacted by ANAF alongside other actions with an overarching purpose to intimidate Gabriel, RMGC and their personnel and to frustrate the Company's pursuit of its international arbitration case against Romania. The fact that the VAT Assessment has been received immediately after the Company has filed the ICSID Arbitration Claim of \$5.7 billion against Romania is not a coincidence; we see this as completely abusive and retaliatory. As an EU member state, Romania should not be resorting to such bad faith tactics in the face of the Company's legitimate pursuit of its treaty claims against the State. Gabriel will assist RMGC to vigorously challenge this unlawful VAT Assessment."

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About Gabriel

Gabriel is a Toronto Stock Exchange listed Canadian resource company. The Company's principal focus has been the exploration and development of the RoÈ&trade;ia MontanĂ&fnof; gold and silver project in Romania. The 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 Project is held by RoE&trade;ia MontanĂ&fnof; Gold Corporation S.A., a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest RoE&trade;ia MontanĂ&fnof; S.A., a Romanian state-owned mining company. It was anticipated that the Project could bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP and have generated thousands of employment opportunities.

Since the grant of the License in June 1999, the Company has focused substantially all of its management and financial resources on the exploration, feasibility and subsequent development of the Project. 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. Accordingly, the Company's current core focus is the ICSID Arbitration Claim.

For more information please visit the Company's website at [www.gabrielresources.com](http://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 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", "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 Claim against Romania;
- changes in the liquidity and capital resources of Gabriel, and the group of companies of which it is parent ("Group");
- access to funding to support the Group's continued ICSID Arbitration Claim and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of existing securities in part or in whole to Common Shares;
- the ability of the Company to maintain a continued listing on the Toronto Stock 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 including Gabriel's Annual Information Form for the year ended December 31, 2016, which can be viewed online at [www.sedar.com](http://www.sedar.com). ENDS

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