

# 2022 Third Quarter Report

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LONDON, November 15, 2022 - [Gabriel Resources Ltd.](#) (TSXV: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, 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.
  - On June 14, 2022 the Claimants filed a submission responding to a limited list of further questions issued to the Claimants and Respondent (together "Parties") in April 2022 by the arbitral tribunal ("Tribunal"). The Respondent submission was filed on September 19, 2022.
  - On September 16, 2022, the Tribunal informed the Parties that it had received a request by certain non-governmental organizations ("Amici") for leave to add a submission to the record of the case ("Amici Filing"). Neither the Claimant nor the Respondent objected to the Amici Filing being added to the record and each responded with comments thereon to the Tribunal on October 18, 2022.
  - On November 8, 2022, the Tribunal invited the Parties to confer and agree on a schedule for the exchange of their cost statements, which is ongoing.
  - Notwithstanding the Tribunal's statement in December 2021 that it would render an arbitral award ("Award") in 2022, it has reserved the right to introduce further procedural steps and there is no specified timeframe in the ICSID Rules applicable to this case in which an Award is to be made by the Tribunal.
- On August 23, 2022, the agreement for the sale of the remaining mining equipment was amended to extend the schedule for the outstanding payment obligations to December 2022. Instalments totaling US\$1.46 million have been received to the end of the third quarter of 2022, with additional monthly instalments due until the aggregate US\$1.75 million (approx. \$2.4 million) sale price is received.
- The net loss for the third quarter of 2022 was \$1.4 million (Q2 2022 \$2.8 million).
- As at September 30, 2022, the Company held \$7.0 million of cash and cash equivalents (Q2 2022 \$8.5 million). The Company believes that it has sufficient funding necessary to cover its planned activities through to April 2023 and will need to raise additional financing thereafter to fund ICSID Arbitration costs and working capital requirements.

Further information and commentary on the results in the third quarter of 2022 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q3 2022 and related Management's Discussion & Analysis on SEDAR at [www.sedar.com](http://www.sedar.com) and each is available for review on the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

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## 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.
- In late December 2021, the President of the Tribunal stated that the Tribunal was currently deliberating and would render an Award in 2022. On January 10, 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.
- On April 12, 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 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. The Claimants filed a submission responding to the questions on June 14, 2022 and a submission was filed on September 19, 2022 by the Respondent.
- On September 16, 2022, the Tribunal informed the Parties that it had received a request by certain non-governmental organizations ("Amici") for leave to add a submission to the record of the case addressing the relevance to the ICSID Arbitration of a February 2022 Romanian court of appeal decision to annul the archaeological discharge certificate for the Project's Cărnăc open-pit issued in 2011 ("Amici Filing"). Neither the Claimants nor the Respondent objected to the Amici Filing being added to the record and each responded with comments thereon to the Tribunal on October 18, 2022.
- On November 8, 2022, the Tribunal informed the Parties that it is still deliberating and making sure that it has all the necessary elements to render its decision in this case. The Tribunal invited the Parties to confer and agree on a schedule for the exchange of their cost statements, which is ongoing at the date of this document.
- 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. 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).

### Liquidity

- Cash and cash equivalents at September 30, 2022 were \$7.0 million.
- The Company's average monthly cash usage during Q3 2022 was \$0.5 million (Q2 2022: \$0.3 million), 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 long lead-time equipment noted below and land at Recea (in Q2 2022).
- At September 30, 2022, accruals for costs in respect of the ICSID Arbitration amounted to \$4.5 million (Q2 2022: \$4.4 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. \$2.4 million). Payments of US\$1.46 million (approx. \$1.98 million) were received in the period to September 30, 2022 together with an aggregate contribution to storage costs of US\$180,000 (approx. \$248,000) payable monthly from April 2022.
- On August 23, 2022, RMGC and the buyer concluded an amendment to the Agreement to amend the schedule for the outstanding payment obligations. Accordingly, the buyer will continue to make reduced monthly instalments and extend its storage cost contributions to December 2022. 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 buyer.

### Capital Resources - Future Financing Requirements

- As previously disclosed, on June 29, 2022, the Company completed closing of a non-brokered equity private placement to raise gross proceeds of US\$5.6 million, approximately \$7.1 million (the "2022 Private Placement").
- The Company believes that, taking into account the fee agreement in respect of the deferral of payment of certain ICSID Arbitration costs, the proceeds receivable from the sale of the LLTE, and the deferral of a portion of salary and fees for certain employees and directors, 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 April 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 April 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. The market and timing of such additional financing could also be adversely affected by the effects of COVID-19 and the Russia-Ukraine conflict, discussed below.

### Financial Performance

- Operating loss for the third quarter of 2022 was \$1.4 million, some \$1.6 million lower than the corresponding period in 2021 primarily arising from (i) \$0.4 million lower payroll costs, reflecting the aggregate impact of certain employees agreement to accept a 20% reduction in their base salary effective as of February 1, 2022 and a similar reduction in directors fees from April 1, 2022, where such costs were previously accrued until all related agreements were executed; (ii) \$0.1 million lower costs related to the ongoing ICSID Arbitration, reflecting the limited activities in the third quarter of each year; (iii) \$0.1m lower LLTE storage costs; (iv) \$0.4 million of savings related to corporate, general and administration due to the ongoing efforts of management to reduce the cost base of the Group and preserve cash balances; and (v) a \$0.7 million impairment charge relating to the long lead-time equipment that was recognized in the three month period to September 30, 2021.
- The net loss for the third quarter of 2022 was \$1.4 million, a decrease of \$1.6 million from a loss of \$3.0 million in the corresponding period in 2021, primarily reflecting the \$1.7 million lower operating loss together with \$0.1 million of interest and foreign exchange effect year on year.

### 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 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.
- 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.

### 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](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 (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 "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](http://www.sedar.com).

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