

TORONTO, ONTARIO--(Marketwired - Aug 3, 2015) - [Gabriel Resources Ltd.](#) (TSX:GBU) ("Gabriel" or the "Company") announces the publication of its Second Quarter Financial Statements and Management's Discussion and Analysis Report for the period ended June 30, 2015.

Summary

- On July 21, 2015, Gabriel filed a request for arbitration against Romania before the World Bank's International Centre for Settlement of Investment Disputes ("Request for Arbitration"). This action relates to the Company's dispute with Romania over the development of the Roşia Montană gold and silver project ("Project"), of which Gabriel holds an indirect 80.69% interest, and violations by the Government of Romania of the protections afforded by certain bi-lateral investment treaties.
- Gabriel continues to seek engagement with the President, the Prime Minister and the Government of Romania ("Romanian Authorities") in order to find an amicable resolution to the dispute.
- Gabriel held \$32.1 million of cash and cash equivalents as at June 30, 2015.

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

"Without any response from senior political decision makers to our invitations for open and transparent dialogue on the future for the Project, Gabriel has been given no alternative but to pursue the avenue of international arbitration in order to protect its rights. We remain committed to the construction and operation of a world class gold mine at Rosia Montana and our overriding wish remains that an amicable resolution can be reached."

Further information and commentary on the operations and results in the second quarter of 2015, together with events anticipated in the short term, is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements and 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.

Further Information

Request for Arbitration

- On July 21, 2015, Gabriel and Gabriel Resources (Jersey) Ltd. filed the Request for Arbitration pursuant to the provisions of bilateral investment protection treaties which the Government of Romania has entered into with each of the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the "Treaties"). The Treaties exist as an encouragement and reciprocal protection of investments agreed between sovereign states, and each state offers various protections to foreign investors from the other state to give both parties to an investment confidence in their rights, the investment process and the expected outcomes.
- Through its actions and inactions, Romania has blocked and prevented implementation of the Project without due process and without compensation, effectively depriving Gabriel entirely of the value of its investments. Romania thus has subjected Gabriel and its investments to treatment in breach of Romania's bilateral investment treaty obligations, causing significant losses to Gabriel. In the Request for Arbitration, Gabriel is seeking the full relief owed to it under the provisions of the Treaties for the deprivation of its rights to develop the Project.
- The Company filed the Request for Arbitration following the failure of the Romanian Authorities to respond to the written dispute notice given by Gabriel on January 20, 2015 ("Notice") and to the further letters of request for consultation sent by Gabriel in April and May 2015. On July 30, 2015, the International Centre for Settlement of Investment Disputes notified Gabriel and Romania that the Request for Arbitration had been registered.
- This situation notwithstanding, Gabriel continues to seek engagement at a senior level with the Romanian Authorities in order to resolve the dispute amicably. However, Gabriel is also fully committed to the protection of its rights and interests in Romania and, in the absence of any willingness by the Romanian Authorities to engage in dialogue, the Company has been left with no alternative but to seek legal recourse through the Request for Arbitration. Gabriel has engaged White & Case LLP to advise it in this matter.

Background to the Dispute

- Since obtaining the rights to develop the Project, Gabriel has been firmly committed to its realization and to date has sourced funding in excess of \$700 million which has been invested to finance and develop the Project.

- Over many years, in reliance on numerous representations made and actions taken by the Romanian Authorities and other Romanian administrative bodies charged with assessment of the Project ("Romanian Administration"), Gabriel has complied in good faith with its obligations under Romanian law and diligently pursued the development of the Project as a productive, high-quality, sustainable and environmentally responsible mining project, using best available techniques as recognized by the European Commission.
- Unfortunately, to date, the actions and inactions of the Romanian Administration have prevented the Project from advancing to implementation. The Project has become subject to a dysfunctional, politicised decision-making process in which it has been held hostage to conflicts between rival political factions and gross misinformation which has prevented a proper regulatory analysis by the administrative bodies charged with its assessment.
- This state of affairs, among other things, has prevented action from being taken with regard to the environmental permit ("EP") for the Project, evidenced by the repeated delays to the technical analysis committee ("TAC") environmental impact assessment ("EIA") review process.
- As a consequence of the negative impacts of the Romanian Administration's failure to treat the Project lawfully, the Company has had to implement cost-reduction measures including, amongst other things, a material reduction in the workforce of Gabriel and RMGC from approximately 500 employees as at December 31, 2013 to approximately 75 in July 2015. Most recently 28 employees were made redundant as of July 1, 2015 with the potential for further reductions under review.

Financial Performance

- The net loss for the second quarter of 2015 was \$4.6 million, or \$0.01 per share.

Liquidity and Capital Resources

- Cash and cash equivalents at June 30, 2015 amounted to \$32.1 million.
- The Company's average monthly net cash usage during Q2 2015 (and Q1 2015) was \$1.8 million; (2014: full year monthly average \$2.3 million, 2013: full year monthly average \$3.9 million). Excluding legal and other advisory services in respect of the Notice and Request for Arbitration, the average monthly net cash usage during the six-month period ended June 30, 2015 was \$1.5 million.
- The ongoing cost-saving measures to align Gabriel's cost base with the prevailing situation of repeated delays in the regulatory assessment and permitting procedures for the Project have a long-term goal of the Company remaining financially strong for the foreseeable future.

Political Environment

- Klaus Iohannis was sworn in as the fifth President of Romania on December 21, 2014 for the constitutional 5-year term, following a run-off against the incumbent Prime Minister, Victor Ponta.
- Following the outcome of the presidential election, Mr. Ponta remains as the country's Prime Minister and head of Government. In the first half of 2015 there have been ongoing challenges to his premiership, including a vote of no confidence which his government survived in June. More recently, the Romanian press has reported that Mr. Ponta has been charged, and has had assets seized by the National Anti-corruption Directorate ("DNA"), for alleged forgery of private documents and for being an accessory to tax evasion and money laundering. Meanwhile there have been calls, including from the President, for Mr. Ponta's resignation as Prime Minister. On July 12 Mr. Ponta resigned his presidency of the Social Democratic Party pending the outcome of the DNA case but remains in his position as Prime Minister.
- The level of Government engagement on the Project has been extremely limited for an extended period of time. During the whole of 2014 and in 2015 to date, there have been no significant developments in any of the key areas for the Project where decision-making is required by the Romanian Administration.

Environmental Permit

- As previously disclosed, amongst other matters, all material environmental issues had been extensively considered and concluded upon at prior TAC meetings. The last TAC meeting held in April 2015 was inconclusive in fully addressing the agenda items raised and thus, despite convening such TAC meeting after Gabriel issued the Notice, Romania has failed to repair or redress the damage suffered by the failure to advance the environmental permitting process.
- Gabriel thus remains unable to provide guidance on the decision with regard to the EP.

Other Permitting

- Although the EP is the most important approval for the Project, there are additional permits and approvals required to advance the Project to construction. These include zonal urbanism plans for the industrial and protected areas, forestry/agriculture land use change permits, as well as other permits and approvals that follow the issuance of the EP.

- The Company initiated the majority of the necessary permitting and approval processes for the development, construction and operation of the Project, and a brief summary of certain of the material rights, licenses, permits and approvals is set forth in prior securities filings by the Company.
- There was no progress in the second quarter of 2015 in obtaining endorsements for the industrial area or historical area zonal urbanism plans. The processes for completing three new general urbanism plans remain subject to a number of additional approvals, including public consultation.
- In the second quarter of 2015 new five-year safety permits for the Project's Corna and Cetate dams (subject to construction of the Project commencing within two years) were issued by the Ministry of Environment, dated December 2014.

Litigation

- The key developments relating to domestic legal proceedings concerning the Project are detailed in Management's Discussion & Analysis which accompanies this press release and is filed on SEDAR at www.sedar.com.

Outlook

- Notwithstanding the Request for Arbitration, the Company remains focused on trying to engage formally with the Romanian Authorities to seek an amicable resolution of the dispute that has been submitted to arbitration. In addition, in the short-term, the Company's objectives also include:
 - the protection of its rights and interests in Romania and maximizing shareholder value; and
 - continuing to reduce the Company's activities and costs to those that support the preservation of its core assets and rights and to carefully manage its cash resources.

About Gabriel

Gabriel is a TSX-listed Canadian resource company whose activities have been focused on permitting and developing the world-class Roșia Montană; gold and silver project in Romania over the past seventeen years. The exploitation license for the Project, the largest undeveloped gold deposit in Europe, is held by Roșia Montană; Gold Corporation, a Romanian company in which Gabriel currently owns an 80.69 percent equity interest, with the 19.31 percent balance held by Minvest Roșia Montană; S.A., a Romanian state-owned mining enterprise. Gabriel and RMGC are committed to responsible mining and sustainable development in the communities in which they operate. It is anticipated that the Project would bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP and generate thousands of employment opportunities. Gabriel has sought to build a state-of-the-art mine using best available techniques and implementing the highest environmental standards whilst preserving local and national cultural heritage in Romania.

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 Gabriel's operating environment.

These forward-looking statements may include statements with respect to the future financial or operating performance of the Company and its subsidiaries, the perceived merit of properties, exploration results and budgets, mineral reserves and mineral resources estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company's plans and expectations relating to the Project, the anticipated outcomes of the application processes for permits, endorsements and licenses, including but not limited to the ongoing review of the environmental impact assessment, required for the Project, or other statements that are not statements of fact.

These forward-looking statements may refer to the Company's intentions, hopes, beliefs, expectations or predictions for the future. In this release, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

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.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiaries to be materially different from those expressed or implied by such forward-looking statements.

These risks, uncertainties and other factors include, without limitation, the attitudes and actions of the Government of Romania related to the Company's investment in Romania, including the response of the Romanian Authorities to the filing of the Request for Arbitration; the ability of the Company to realize value from its investments in Romania pursuant to the Treaties and international arbitration proceedings in the event that the Company and the Romanian Authorities do not reach an agreement regarding development, construction and operation of the Project; the advancement of any international arbitration proceedings in a customary manner; the outcome of any international arbitration proceedings before arbitration tribunals as provided in the Treaties, including the timing and value of any arbitral award or settlement; the Company's expectation with regards to the amount of costs, fees and other expenses and commitments payable in connection with the arbitration; and any inability or delay in recovering from Romania the amount of any award or settlement.

In addition, such risks, uncertainties and other factors include, without limitation, the political and economic risks of operating in Romania, including those related to controls, regulations, political or economic developments and government instability in Romania; permitting risks, including the risk that permits and governmental approvals necessary to develop and operate the Project will not be available on a timely basis or at all; risks of maintaining the validity and enforceability of necessary permits and risks of replacing expired/cancelled permits and approvals; uncertainties relating to the assumptions underlying the Company's mineral resource and mineral reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs; risks related to the subjectivity of estimating mineral resources and mineral reserves and the reliance on available data and assumptions and judgments used in interpretation of such data; risk related to the acquisition of all necessary surface rights for the development of the Project, including the risk that the Company may not acquire all such rights, or acquire such rights at acceptable prices; risks of defective title to mineral property, including the risk of successful legal challenges to the validity of the Company's exploitation license; risks related to the Company's ability to finance the development of the Project through external financing, strategic alliances, or otherwise; litigation risks, including the uncertainties inherent in current and future legal challenges relating to the Project; uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories; the difficulty of predicting decisions of judges and the possibility that decisions may be reversed on appeal; uncertainties relating to prices for energy inputs, labor, material costs, supplies and services; risks related to changes in law and regulatory requirements, including environmental regulation; risks related to the future market prices of gold and silver and other mineral and commodity price fluctuations, and volatility in metal prices; risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto; risks associated with maintaining substantial levels of indebtedness, including potential financial constraints on operations; dependence on cooperation of state-owned joint venture partner in the development of the Project; risks related to the loss of key employees and the Company's ability to attract and retain qualified management and technical personnel; risks related to opposition to the Project from non-governmental organizations or civil society; and other risks identified in the filings by the Company with the Canadian securities regulatory authorities, including Gabriel's annual information form for the year ended December 31, 2014, which is available under the Company's profile on SEDAR at www.sedar.com.

This list is not exhaustive of the factors that may affect any of Gabriel's forward-looking statements. Forward-looking information contained herein is made as of the date of this press release. There can be no assurance that forward-looking information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. Accordingly, for the reasons set forth above, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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