

London, England (FSCwire) - Further to the announcement of March 29, 2016, [Gabriel Resources Ltd.](#) ("Gabriel" or the "Company") provides additional details regarding its previously announced proposed private placement to raise up to \$20 million and the proposed restructuring of certain existing securities.

Private Placement and Restructuring

The Company has entered into subscription agreements with certain existing shareholders pursuant to which the Company intends to raise \$20 million by way of a non-brokered private placement (the "Private Placement"). In addition, the Company intends to enter into arrangements with certain existing securityholders to amend certain terms of the securities held by such holders (the "Restructuring"). The Private Placement and Restructuring are together referred to in this announcement as the "Transactions", the terms of which are detailed in further information below.

The Company has designed the Transactions in order to strengthen and improve the financial position of the Company. The completion of the Transactions is subject to approval of securityholders, as applicable, and the Toronto Stock Exchange ("TSX"), and therefore there is no assurance that the Company will be successful in completing the Private Placement or the Restructuring to obtain the required financing.

Private Placement

Pursuant to the Private Placement, the Company intends to issue 20,000 Units, each Unit consisting of (i) \$1,000 principal amount of 0.025% convertible subordinated unsecured notes (the "New Notes"); (ii) 1,610 common share purchase warrants (the "New Warrants"); and (iii) one arbitration value right (the "New AVR"). The New Notes will mature on June 30, 2021 and will be convertible at any time prior to maturity, at the option of the holder, into common shares in the capital of the Company ("Common Shares") at a price of \$0.3105 per Common Share, representing a premium of approximately 35% to both the thirty-day and, for purposes of compliance with the TSX Company Manual (the "Manual"), the five-day, volume weighted average price of the Common Shares on the TSX immediately preceding the announcement of the Transactions, being \$0.23 (the "Market Price"). At maturity, the Company will have the ability to repay the New Notes through issuing Common Shares. Each New Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.46, representing a premium of approximately 100% to the Market Price, at any time prior to June 30, 2021. Each New AVR will entitle the holder thereof to its pro rata share of 7.5% of any proceeds arising from the arbitration claim which the Company has commenced against Romania before the World Bank's International Centre for Settlement of Investment Disputes ("ICSID Arbitration"), subject to a maximum aggregate entitlement of \$175 million among all holders of arbitration value rights issued by the Company ("AVRs"). The New Notes, New Warrants and New AVRs are together referred to as the "New Securities".

The maximum aggregate number of Common Shares to be issued pursuant to the Private Placement (assuming conversion of all of the New Notes and the New Warrants) represents approximately 25.1% of the Common Shares currently issued and outstanding (on a non-diluted basis) prior to giving effect to the Private Placement.

The New Securities, including the underlying Common Shares issuable pursuant to the New Notes and the New Warrants, are subject to a statutory 4-month hold period. U.S. investors are subject to applicable resale restrictions. Subject to the foregoing, the securities described herein have not been registered under the U.S. Securities Act of 1933 (the "Act"), as amended, and may not be offered or sold in the United States unless registered under the Act or unless an exemption from registration is available.

The Private Placement has been subscribed by certain existing shareholders of the Company (together, the "Subscribers"), including Electrum Group Holdings L.P. ("Electrum") and funds managed by The Baupost Group, L.L.C. ("Baupost"), who are deemed insiders as they each exercise control and direction over 10% or more of the issued and outstanding Common Shares of the Company immediately prior to the closing of the Private Placement. An aggregate of 30.4% of the Units to be issued under the Private Placement will be issued to Electrum and Baupost. The Private Placement was negotiated on an arm's length basis with all Subscribers, notwithstanding the participation of these insiders.

Restructuring

In May 2014, the Company closed a non-brokered private placement with a number of existing shareholders of the Company to raise aggregate gross proceeds of \$35 million (the "2014 Private Placement"). Pursuant to the 2014 Private Placement, the Company issued 35,000 units, each unit consisting of: (i) \$1,000 principal amount of convertible subordinated unsecured notes with a coupon of 8% (the "2014 Notes"); (ii) 398 common share purchase warrants (the "2014 Warrants"); and (iii) one arbitration value right (the "2014 AVR"). The 2014 Notes, 2014 Warrants and 2014 AVRs are together referred to in this announcement as the "Existing Securities" and holders thereof are referred to as "Existing Securityholders". None of the Existing Securities have been converted or exercised at the date of this announcement. All of the Subscribers are Existing Securityholders as they were also participants in the 2014 Private Placement.

Pursuant to the Restructuring, the Company is proposing to enter into one or more agreements with the Existing Securityholders

and/or the note trustee under the existing indenture, as applicable, in order to amend certain terms of the Existing Securities and to align the principal terms of the Existing Securities with the terms of the New Securities. Pursuant to the Restructuring, among other things, it is proposed that: (i) the conversion price of the 2014 Notes will be reduced from \$1.255 to \$0.3105 (such reduced amount being a premium of approximately 35% to the Market Price); (ii) the interest rate of 8% per annum payable in respect of the 2014 Notes will be replaced with a 0.025% coupon payable annually with effect from January 1, 2016; (iii) the exercise price of the 2014 Warrants will be reduced from \$1.674 to \$0.46 (such reduced amount being a premium of 100% to the Market Price); each 2014 AVR will entitle the holder thereof to its pro rata share of 7.5% of any proceeds arising from the ICSID Arbitration (previously 5% under the 2014 AVR terms); the aggregate entitlement of all AVRs issued by the Company would be increased from \$130 million to \$175 million; and the maturity date of the 2014 Notes and 2014 Warrants will be extended until June 30, 2021.

Approximately 39% of the 35,000 units issued by the Company pursuant to the 2014 Private Placement are controlled by Electrum and Baupost. The Restructuring was negotiated on an arm's length basis with all Existing Securityholders, notwithstanding the participation of these insiders.

Impact of the Transactions

The aggregate number of Common Shares to be issued pursuant to the Private Placement and the Restructuring (assuming conversion or exercise (as applicable) of all of the Existing Securities and the New Securities) is 223,230,000, representing approximately 58.1% of the Common Shares currently issued and outstanding (on a non-diluted basis) prior to giving effect to the Transactions. Other than Electrum and Baupost, who are already deemed to be insiders of the Company, no Subscriber under the Private Placement will become an insider immediately following completion of the Private Placement as the number of issued and outstanding voting securities, on a non-diluted basis, will not change as a result of the Transactions.

Following completion of the Transactions:

- Kopernik Global Investors, LLC ("Kopernik"), a further Subscriber which is not currently an insider, will continue to hold 16,010,217 Common Shares, representing approximately 4.2% of the total issued and outstanding Common Shares on a non-diluted basis. The total incremental number of Common Shares issuable to Kopernik (assuming Kopernik exercises or converts (as applicable) all of its holdings of the New Securities and Existing Securities) is 104,019,000, such aggregate number of 120,029,217 Common Shares representing approximately 24.6% of the total issued and outstanding Common Shares on a partially diluted basis (i.e. if only Kopernik, out of all of the Subscribers, undertook such conversion and exercise).
- Electrum will continue to hold 60,410,739 Common Shares of the Company, representing approximately 15.7% of the total issued and outstanding Common Shares on a non-diluted basis. The total incremental number of Common Shares issuable to Electrum (assuming Electrum exercises or converts (as applicable) all of its holdings of the New Securities and the Existing Securities) is 37,628,130, such aggregate number of 98,038,869 Common Shares representing approximately 23.2% of the total issued and outstanding Common Shares on a partially diluted basis (i.e. if only Electrum, out of all the Subscribers, undertook such conversion and exercise);
- Baupost will continue to hold 56,951,100 Common Shares of the Company, representing approximately 14.8% of the total issued and outstanding Common Shares on a non-diluted basis. The total incremental number of Common Shares issuable to Baupost (assuming Baupost exercises or converts (as applicable) all of its holdings of the New Securities and the Existing Securities) is 41,080,500, such aggregate number of 98,031,600 Common Shares representing approximately 23.1% of the total issued and outstanding Common Shares on a partially diluted basis (i.e. if only Baupost, out of all of the Subscribers, undertook such conversion and exercise); and
- collectively, Electrum and Baupost, as insiders, will own (assuming only Electrum and Baupost, out of all of the Subscribers, exercise or convert (as applicable) all of their holdings of the New Securities and the Existing Securities) approximately 42.4% of the total issued and outstanding Common Shares of the Company, following such dilution.

Related Party Transaction Exemptions

As previously disclosed, given that certain Existing Securityholders are considered "related parties" of Gabriel, the Transactions constitute "related party transactions" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). While MI 61-101 would generally subject the Transactions to minority shareholder approval and formal valuation requirements, the Company will avail itself of the exemptions applicable under Sections 5.5(g) and 5.7(e) of MI 61-101. The Company expects to issue a material change report including details with respect to the related party transactions less than 21 days prior to the closing of the Transactions, which the Company deemed reasonable in the circumstances so as to be able to avail itself of the potential financing opportunities and complete the Transactions in an expeditious manner.

TSX Requirements

The Manual requires approval from the holders of more than 50% of the Common Shares (other than those securities excluded as required by the TSX) in certain instances applicable to the Transactions, including pursuant to:

- Section 604(a) of the Manual (in the event a transaction materially affects control of the listed issuer) - as described above, assuming the successful completion of the Transactions, each of Kopernik, Electrum and Baupost will hold more than 20% of the issued and outstanding Common Shares on a partially-diluted basis and the 20% threshold is deemed to materially affect control of the Company under the Manual;
- Section 607(g)(i) of the Manual (for private placements that involve the issuance or potential issuance of an aggregate number of listed securities that is greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price) - the aggregate number of Common Shares to be issued or issuable pursuant to the Transactions represents approximately 58.1% of the Common Shares currently issued and outstanding on a non-diluted basis;
- Section 607(g)(ii) of the Manual (for private placements that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the first private placement to an insider during the six month period) - while the Company has not completed any private placement within the last six months, assuming the successful completion of the Transactions, the aggregate number of Common Shares issuable to Electrum and Baupost (each of whom are insiders of the Company) will exceed this 10% threshold; and
- Section 608(b) of the Manual (for any amendments to warrants held, directly or indirectly, by insiders) - the Restructuring contemplates amendments to the terms of the 2014 Warrants held by Electrum and Baupost (each of whom are insiders of the Company).

The Company has sought and obtained written consents to the Transactions from holders of over 50% of its Common Shares (after excluding from such calculation 44.6% of the Common Shares which are currently issued and outstanding, being all of the Common Shares held by the Subscribers, of which 34.7%, or an aggregate of 133,372,056, are held by Kopernik, Electrum and Baupost). Accordingly, the Company has received conditional approval from the TSX to proceed with the Transactions without convening a general meeting of securityholders to formally approve the Transactions, in accordance with section 604(d) of the Manual.

Closing of the Transactions

Closing of the Transactions is conditional upon the execution of definitive documentation with respect to the Private Placement and the Restructuring and upon satisfaction of customary closing conditions and deliveries, including receipt of all required shareholder approvals and the approval of the TSX.

The Transactions are expected to close in May 2016 or such other date as agreed between the Company and the Subscribers, or as otherwise required under applicable securities laws and regulations.

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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 RoĖ™ia MontanĂ&nof; 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 for the Project is held by RoĖ™ia MontanĂ&nof; Gold Corporation S.A., a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest RoĖ™ia MontanĂ&nof; S.A., a Romanian state-owned mining company. 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.

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.

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: completion of the Transactions, 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 requirement for regulatory, shareholder and noteholder approvals, where applicable, to effect the Transactions;
- the duration, required disclosure, costs, process and outcome of the ICSID Arbitration against Romania;
- changes in the Gabriel Group's liquidity and capital resources;
- access to funding to support the Gabriel Group's continued ICSID Arbitration and/or operating activities in the future;
- equity dilution resulting from the conversion or exercise of existing securities (and those contemplated to be issued pursuant to the Transactions) 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 legal enforcement both for and against the Gabriel 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;
- volatility of currency exchange rates, metal prices and metal production;
- the availability and continued participation in operational or other matters pertaining to the Gabriel 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 report 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, 2015, which can be viewed online at www.sedar.com.

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