Gabriel Resources Ltd. 2020 Third Quarter Results

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LONDON, November 10, 2020 - 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, 2020.

Summary

- Gabriel remains focused on the progression of its arbitration case brought by the Company and its wholly-owned subsidiary, Gabriel Resources (Jersey) Ltd. (together "Claimants") 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 Claimants and Respondent filed their responses, on May 11, 2020 and July 13, 2020 respectively, to written questions issued by the tribunal constituted to adjudicate the ICSID Arbitration ("Tribunal") arising from the evidence presented during the oral hearing on the merits of the claim held in December 2019 ("Hearing").
    - A second oral hearing on the merits of the claim was held virtually from September 28 to October 4, 2020 with a focus on the technical and feasibility-related aspects of the Project and the quantum of the damages claimed ("Second Hearing").
    - Subsequent to the Second Hearing, the Tribunal invited the Claimants and Respondent to make two further simultaneous written submissions ("Post-Hearing Briefs") on February 4, 2021 and March 26, 2021 respectively.
- The net loss for the third quarter of 2020 was $11.7 million (Q2 2020 $8.8 million).
- As at September 30, 2020, the Company held $7.7 million of cash and cash equivalents.
- The Company believes that it has sufficient sources of funding to cover its planned activities through to January 2021 and is currently planning to raise additional financing in the short-term.
- Following a request of certain of the major shareholders for ongoing Board renewal, Walter Segsworth, David Peat and Janice Stairs have provided their resignations effective December 11, 2020.

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

"We are pleased to have completed a further important milestone in our ISCID Arbitration claim and to take another step closer to an arbitral award. Through the credible and compelling testimony of our independent experts and witnesses on the quantum and technical elements of the ICSID Arbitration, we believe that we have further demonstrated to the Tribunal the strength of our claim. As we proceed through the final phase of the proceedings, Gabriel remains confident in the merits of its ICSID Arbitration claim.

In Walter and David and Janice, there is a combined over 23 years of service to the Board. They have served Gabriel admirably through many difficult moments and their advice and direction has been very much appreciated by all. On behalf of the Board and the shareholders, I thank them for their service to the Company."

Further information and commentary on the results in the third quarter of 2020 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q3 2020 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.

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Further Information

Impact of Coronavirus

- With respect to the outbreak of the novel coronavirus (COVID-19), Gabriel continues to consider carefully the impact, noting the widespread disruption to normal activities and the uncertainty over the duration of this disruption. The highest priority of the Board of Directors is the health, safety and welfare of the Group's employees, contractors and community members. Gabriel recognizes that the situation is extremely fluid and is monitoring the relevant recommendations and restrictions on 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.
- As previously announced, the Group is currently seeking new investment and the Group is also looking to sell its long lead-time equipment. The market and timing for each initiative may be adversely affected by the effects of COVID-19. As appropriate, Gabriel will make the necessary adjustments to the work processes required to maintain the ICSID Arbitration calendar and, should the disruption last for an extended duration, review certain planned activities in Romania and take remedial actions, if it is determined to be necessary or prudent to do so.

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 and discrimination in respect of the Ro?ia Montan? gold and silver project and the valuable gold, silver and porphyry copper deposits defined in the neighboring Bucium concession area ("Projects") and related licenses.
- On March 10, 2020, the Tribunal issued Procedural Order No. 27 whereby it set out a list of further questions arising from the evidence presented during the Hearing ("Tribunal's Questions"). The Tribunal subsequently issued Procedural Orders No. 28 and No. 31 whereby the parties were instructed to respond to the Tribunal's Questions in a sequential manner. The Claimants and the Respondent filed their responses to the Tribunal's Questions on May 11, 2020 and July 13, 2020 respectively.
- The Second Hearing on the merits of the claim was held virtually from September 28 to October 4, 2020 and focused on the technical and feasibility-related aspects of the Projects and the quantum of the damages claimed, and allowed counsel for both parties to address related issues. The Second Hearing also afforded the Tribunal the opportunity to hear testimony from certain of the parties' fact and expert witnesses, as well as to address questions to each of the parties.

- Subsequent to the Second Hearing the Tribunal invited the Claimants and Respondent to make two Post-Hearing Briefs, further simultaneous written submissions on February 4, 2021 and March 26, 2021 respectively, after which the Tribunal may pose further questions, as was the case following the Hearing, or focus on further deliberations ahead of its decision.
- During the course of the Second Hearing, the Respondent objected to an alleged "new claim" for compensation that the Claimants had presented, calculated by reference to a new September 6, 2013 valuation date. In response, the Claimants maintained that compensation should be based on the value of their project rights as of July 29, 2011, and confirmed that they had elaborated arguments, using September 6, 2013 in the alternative, at the Second Hearing in response to evidence first presented by Respondent's quantum expert only in its last submission, the Rejoinder.
- Following the Second Hearing, the Tribunal issued Procedural Order No. 34 rejecting the Respondent's objection. The parties subsequently agreed that Claimants' arguments should be addressed in the Post-Hearing Briefs. The Respondent, however, maintains an allegation that the admission of such arguments constitutes a serious departure from a fundamental rule of procedure.

Board Changes

- Following a request of certain of the major shareholders for ongoing Board renewal, Walter Segsworth, David Peat and Janice Stairs have provided their resignations effective December 11, 2020, allowing the Board the opportunity to identify their replacements.

UNESCO World Heritage

- As previously disclosed, Gabriel has provided notice to Romania of a dispute under the Treaties with regard to Romania's application to UNESCO in relation to Ro?ia Montan? and has reserved its right to commence a further arbitration if warranted accordingly (the "Notice").
- In the Notice, Gabriel confirmed that it is prepared to cooperate in good faith at a senior level with the Romanian Government and other authorities in a process of consultation with regard to the UNESCO application. Gabriel is hopeful that Romania will engage constructively, however, Romania has yet to respond to the Notice.
- The issuance of the Notice does not in any way interfere with Gabriel's pursuit of the ICSID Arbitration. The Company remains focused on the progression and conclusion of the ICSID Arbitration.

VAT Assessment

- As previously reported, an assessment of a liability for value added tax in the amount of RON 27m (approximately $8.6 million) ("VAT Assessment") was levied against Ro?ia Montan? Gold Corporation S.A. ("RMGC"), together with a further demand in respect of RON 18.6 million (approximately $6.0 million) of related interest and penalties, by the Romanian National Agency for Fiscal Administration ("ANAF"). The VAT Assessment relates to VAT refunds previously claimed and received by RMGC from the Romanian tax authorities in respect of RMGC's purchase of goods and services from July 2011 to December 2015.
- On February 6, 2019, the Alba Court of Appeal (Division for Administrative and Tax Claims) ruled in favour of RMGC's annulment challenge of the VAT Assessment. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, and the first hearing date has been set as December 2, 2020. RMGC is contesting this appeal and a stay of enforcement granted by the Alba Iulia Court of Appeal remains in effect for the VAT Assessment and for the interest and penalties demand.
- RMGC intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets.

Liquidity and Capital Resources

- Cash and cash equivalents at September 30, 2020 were $7.7 million.
- The Company's average monthly cash usage during Q3 2020 was $2.1 million (Q2 2020: $1.7 million), an increased quarter on quarter run-rate primarily reflecting (i) higher costs associated with ICSID Arbitration related activities in the third quarter of 2020, including preparation and attendance at the Second Hearing; (ii) payment of severance costs in relation to a retrenchment program initiated by Management; and (iii) an increase in accounts payable of $1.5 million at the quarter end.
- The Company believes that it has sufficient sources of funding to enable the Group to maintain its primary assets, including the exploitation license for the Ro?ia Montan? Project ("License") and associated rights and permits, and to fund general working capital requirements together with the material estimated costs associated with the Company advancing the ICSID Arbitration to January 2021. Gabriel is currently planning to raise additional financing in the short-term to maintain its primary assets while it addresses the Post-Hearing Briefs and awaits a decision from the Tribunal.
- Management has initiated a program of retrenchment and continues to review the Company's activities in order to identify areas to rationalize expenditures.
- There can be no assurances that the ICSID Arbitration will advance in a customary or predictable manner or within any specific or reasonable period of time. The Company does not have sufficient cash to fund either the development of the Project or all the long-term activities required to see the ICSID Arbitration through to its conclusion, including any potential annulment proceeding and/or litigation to enforce any award. Accordingly, Gabriel will need to raise additional financing in the long term to pursue the ICSID Arbitration to its conclusion.
- Notwithstanding the Company's historic funding, there is a risk that sufficient additional short or long term financing may not be available to the Company on acceptable terms, or at all.

Financial Performance

- The net loss for the third quarter of 2020 was $11.7 million, an increase of $0.6 million from a loss of $11.1 million in the corresponding period in 2019, primarily due to (i) a $0.5 million increase in costs relating to the ICSID Arbitration reflecting a focus in Q3 2020 on preparation and attendance at the Second Hearing whereas the 2019 period reflects activity in respect of review of Romania's Rejoinder along with preparing for the two-week Hearing in December 2019 and (ii) a $0.8m reduction in share-based compensation offset by $0.8m of retrenchment-related costs together with a $0.2 million movement in foreign exchange and $0.1 million of higher finance costs, comprising the interest component of the convertible notes of the Company issued in 2014 and 2016 and foreign exchange movements.

About Gabriel

Gabriel is a Canadian resource company listed on the TSX Venture Exchange. The Company's principal focus has been the exploration and development of the Ro?ia Montan? gold and silver project in Romania. The Ro?ia Montan? 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 Ro?ia Montan? Project is held by Ro?ia Montan? Gold Corporation S.A., a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Ro?ia Montan? 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 Ro?ia Montan? Project. Despite the Company's fulfilment of its legal obligations and its development of the Ro?ia Montan? Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Ro?ia Montan? 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 duration, required disclosure, costs, process and outcome of the ICSID Arbitration;
- the advancement of Romania's nomination of the "Ro?ia Montan? 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;
- 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.

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