

# Gabriel Resources Ltd. 2024 First Quarter Report

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LONDON, May 29, 2024 - [Gabriel Resources Ltd.](#) (TSXV:GBU) ("Gabriel" or the "Company") announces the publication of its First Quarter Financial Statements and Management's Discussion and Analysis Report for the period ended March 31, 2024.

## Summary

- On March 8, 2024, Gabriel announced that the presiding tribunal ("Tribunal") had issued a final decision ("Arbitral Decision") dismissing, by a two to one majority, the ICSID arbitration claims filed against the Romanian State ("ICSID Arbitration") and awarded Romania approximately US\$10 million to reimburse half of the legal fees and expenses it had incurred in connection the ICSID arbitration ("Costs Order").
  - The Arbitral Decision is binding on the parties and the amount payable incurs simple interest from the date of the Arbitral Decision at the 3-month US Treasury rate.
  - The Company strongly disagrees with the Tribunal majority's decision, which it believes is deeply flawed, at odds with the opinion of the dissenting arbitrator and is inconsistent with any objective assessment of the evidence presented.
  - The Company is continuing to evaluate the possibility of challenging the Arbitral Decision through the annulment process prescribed by the ICSID Convention, which requires that any annulment application must be filed within 120 days of the date of the Tribunal's decision.
- As at March 31, 2024, the Company held \$2.2 million of cash and cash equivalents (Q4 2023 \$4.6 million).
- On April 26, 2024 Gabriel announced a fundraising of up to US\$5.575 million and on May 17, 2024 the Company announced closing of an initial tranche of that fundraising with proceeds received of US\$3.25 million.
- Subject to closing the remainder of the proposed fundraising, and excluding the Costs Order, Gabriel believes that it has sufficient funding necessary to cover its planned activities through to the end of November 2024 and will need to raise additional financing thereafter to fund its working capital requirements.
- The net loss for the first quarter of 2024 was \$1.8 million (Q4 2023 \$16.9 million including recognition of the Costs Order).

Further information and commentary on the results in the first quarter of 2024 is given below. The Company has filed its Unaudited Condensed Interim Consolidated Financial Statements for Q1 2024 and related Management's Discussion & Analysis on SEDAR+ and each is available for review on the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

## Further Information

### Status of the ICSID Arbitration

- The ICSID Arbitration sought compensation for all of the loss and damage suffered by Gabriel and its wholly-owned indirect subsidiary, Gabriel Resources (Jersey) Limited (together "Claimants") resulting from the Romanian State's wrongful conduct including unlawful treatment in respect of the Ro?ia Montan? gold and silver project, together with the gold, silver and porphyry copper deposits defined in the Bucium concession area ("Projects") and related licenses.
- The Company strongly disagrees with the Arbitral Decision, which it has carefully analyzed with its professional advisers. Gabriel continues to believe the Arbitral Decision is deeply flawed and that the Romanian Government's sustained political interference with the Claimants' contractual rights prevented the development of a flagship mining project without any substantive or objective regulatory basis.
- Accordingly, Gabriel is evaluating the possibility of challenging the Arbitral Decision through the annulment process prescribed by the ICSID Convention. An annulment application must be filed within 120 days of the date of the Tribunal's decision and such annulment application will be adjudicated by a new panel of ICSID arbitrators.
- The Company considers that the Costs Order is unjust and inequitable given the manner in which the Tribunal conducted, and the Romanian State approached its defence of, the ICSID Arbitration case, which introduced significant delays to the procedure and significantly increased Claimants' costs. The Arbitral Decision is binding on the parties and the amount payable incurs simple interest from the date of the Arbitral Decision at the 3-month US Treasury rate.
- The Company announced on April 4, 2024 that the Government of Romania has requested the Claimants to settle the Costs Order and noted that they will take action to enforce the same. In this regard, the Romanian State has sought precautionary measures in Romania to impose restrictions on the sale or transfer of the shares held by Gabriel Jersey in RMGC, pending settlement of the Costs Order. The Company believes that these actions are premature and suffer from serious procedural infirmities, Gabriel Jersey and RMGC have submitted complaints before the Romanian courts challenging these measures. Gabriel intends to vigorously defend its rights and interest in Romania and elsewhere.
- There can be no assurances that any annulment process pursuant to the ICSID Convention, if instituted, will advance in a customary or predictable manner or be completed or settled within any specific or reasonable period of time.

#### Liquidity

- Cash and cash equivalents at March 31, 2024 were \$2.2 million.
- The Company's average monthly cash usage during Q1 2024 was \$0.8 million (Q4 2023: \$1.1 million), primarily reflecting the consistent level of ongoing operational cost together with reduced payments regarding ICSID Arbitration-related activity quarter on quarter; Q4 2023 cash usage was also offset by cash receipts from the exercise of warrants previously disclosed.
- At March 31, 2024, accruals for costs in respect of ICSID Arbitration-related matters amounted to \$4.6 million (Q3 2023: \$4.6 million), reflecting a lower level of activity in pre and post Arbitral Decision strategic initiatives in the quarter, with the continuation of a fee agreement in respect of certain ICSID Arbitration costs incurred before an Arbitral Decision with payment deferred.

#### Capital Resources

##### Private Placement

- On April 26, 2024, the Company announced a non-brokered private placement (the "2024 Private Placement") of 377,594,750 Common Shares at a price of \$0.02 per Common Share for gross proceeds of up to US\$5.575 million (approximately \$7.5 million).
- On May 17, 2024, the Company announced the receipt of US\$3.25 million (approximately \$4.4 million) and the closing of an initial tranche of the 2024 Private Placement subject to certain conditions, including, but not limited to, the approval of the TSX Venture Exchange ("Exchange") and the receipt of all other applicable approvals.
- It is anticipated that the remainder of the 2024 Private Placement would close on or before July 3, 2024, or such later date as may be determined by the Company, subject to satisfaction or waiver by the relevant party of the conditions of closing and any applicable approvals (including that of the Exchange).
- The Company will use the proceeds from the 2024 Private Placement to finance the ongoing costs of the ICSID Arbitration and for general working capital requirements.

#### Future Financing Requirements

- Gabriel continues to manage its cash resources and its current and future financial obligations carefully.
- Excluding the Costs Order, which may be 'stayed' from enforcement in the period from any annulment application, on the basis of the Company's balance of cash and cash equivalents as at March 31, 2024, and taking into account (i) the proceeds from closure of the 2024 Private Placement; (ii) a fee agreement in respect of the deferral of payment of certain ICSID Arbitration costs; and (iii) the continued deferral of a portion of salary and fees for certain employees and directors, the Company believes that it has sufficient cash necessary to fund general working capital requirements together with the material estimated costs associated with consideration and preparation of any annulment application through to the end of November 2024.
- Accordingly, Gabriel will require further funding during the fourth quarter of 2024 in order to pursue long-term activities (which may include, as appropriate, costs of any potential annulment proceedings) and for general working capital purposes, including to preserve its remaining assets, such as its 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.
- There is no assurance that the Company will be successful in closing the remainder of the 2024 Private Placement, in which case the Company believes that, excluding the Costs Order, 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 the end of July 2024 and it will seek alternative sources of additional financing. These events and conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

#### Mineral Tenure Rights

- In March 2024, RMGC submitted an application to the Romanian National Agency for Mineral Resources ("NAMR"). together with the requisite supporting documentation, requesting an extension of the term of the License for an additional five years, as provided by Romanian law. The term of the License, as currently extended, is due to expire on June 20, 2024.
- RMGC has also recently urged NAMR to issue the exploitation licenses for the two Bucium Projects in accordance with the applications made in 2007 ("Bucium Applications"). Throughout the ICSID Arbitration, the Romanian State has consistently maintained a position, relied upon by the majority in the Arbitral Decision, that the Bucium Applications remain pending before the NAMR.

#### Financial Performance

- Operating loss for the three-month period ended March 31, 2024 of \$1.7 million was £0.3 million lower than the corresponding period in 2023, primarily reflecting \$0.5 million lower share based compensation charge, offset by a slight increase in corporate, general and administrative expenses together with an initial interest charge on the Costs Order, in aggregate amounting to \$0.1 million.
- The overall loss for the three-month period ended March 31, 2024 was \$1.8 million, the rise from operating loss reflecting a \$0.1m increase in foreign exchange loss, compared to an overall loss of \$2.0 million in the corresponding period in 2023.

#### 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 duration, costs, process and outcome of any further procedural phases in connection with the ICSID Arbitration (including, but not limited to, any potential annulment proceedings);
- access to funding to support any challenges to the Arbitral Decision, to preserve the Group's rights and interests in Romania and/or to fund the Group's operating activities in the future;
- the impact on the Company's financial condition and operations of any actions taken by Romania to enforce the Costs Order;
- the impact on financial condition, 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, unpredictable regulatory or agency actions and political and social instability;
- changes in the Group's liquidity and capital resources;
- 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 Exchange or any regulated public market for trading securities;
- Romania's actions following inscription of the "Roşia Montan Mining Landscape" as a UNESCO World Heritage site;
- regulatory, political and economic risks associated with operating in a foreign jurisdiction including changes in laws, governments and legal and fiscal regimes;
- global economic and financial market conditions, including inflation risk;

- the geo-political situation and the resulting economic developments arising from the unfolding conflict and humanitarian crisis as a consequence of conflicts such as the Russia-Ukraine war;
- 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.sedarplus.ca](http://www.sedarplus.ca).

SOURCE: [Gabriel Resources Ltd.](#)

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