

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 - Name and Address of Company**

Gabriel Resources Ltd. (“Gabriel” or the “Company”)  
Suite 200-204  
Lambert Street  
Whitehorse, Yukon  
Canada Y1A 1Z4

**Item 2 - Date of Material Change**

July 6, 2017

**Item 3 - News Release**

News releases announcing the material change were disseminated to the market through FSC and filed on SEDAR on May 11, 2017 and July 6, 2017.

**Item 4 - Summary of Material Change**

Gabriel Resources Ltd. (“Gabriel” or the “Company”) announces that its Romanian subsidiary, Roşia Montană Gold Corporation S.A. (“RMGC”), has been served with a decision by the Romanian National Agency for Fiscal Administration (“ANAF”) assessing a liability for value added tax (“VAT”) in the principal amount of approximately RON 27m (\$8.6m)<sup>1</sup> (“VAT Assessment”). This amount does not include any penalties or fines which the Company understands are also likely to be levied.

**Item 5 - Full Description of Material Change**

The VAT Assessment relates to VAT previously claimed and received by RMGC in respect of its purchase of goods and services from July 2011 to January 2016. The VAT Assessment is due for payment on August 5, 2017 although RMGC has until August 21, 2017 to make an administrative appeal to ANAF, which it fully intends to pursue.

The Company views this VAT Assessment as fundamentally flawed and abusive, and plainly retaliatory coming just days after the Company filed its statement of claim in its ICSID arbitration against Romania seeking compensation in an amount equivalent to \$5.7 billion<sup>2</sup> (“ICSID Arbitration Claim”).

The VAT Assessment follows the re-run of a prior VAT audit concluded by ANAF in July 2016 which assessed a liability for approximately the same amount, rising with interest and penalties to RON 42.9m (then approximately \$13.7m) but which was successfully challenged by RMGC and partially quashed by ANAF in September 2016 (the “Quashed 2016 Assessment”).

In common with the Quashed 2016 Assessment, Gabriel and RMGC will vigorously challenge this decision. The VAT Assessment has been issued despite its conclusions being wholly contradictory to the results of at least 18 prior VAT audits conducted by various divisions of ANAF relating to similar categories of expense, suppliers, transactions and activities and despite the substance of the audit being almost identical to the Quashed 2016 Assessment. The Company also believes that the procedure followed by ANAF to arrive at the VAT Assessment was improper and unlawful and that the VAT Assessment conflicts with Romanian fiscal laws as well as the mandatory applicable principles of EU law.

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<sup>1</sup> Assumes the July 5, 2017 Bank of Romania exchange rate of RON 0.3198 to the \$

<sup>2</sup> The claim, based on a damages assessment performed by an independent expert, seeks compensation in the amount of US\$4.4 billion, the Canadian dollar equivalent uses the closing foreign exchange rate on June 27.

The basis of the VAT Assessment continues a remarkable departure from ANAF practice and precedent including ANAF's reliance on submissions from known opponents to the Rosia Montana Project ("Project") and lawyers who have acted for anti-mining NGOs in opposing permits for the Project. This practice, together with the wide-ranging extent of other ongoing enquiries undertaken by a separate directorate of ANAF, previously disclosed by Gabriel, evidences that the actions of ANAF continue to be made in bad faith and are an abuse of power by the Romanian authorities.

**Item 6 - Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7 - Omitted Information**

No information has been omitted from this report.

**Item 8 - Executive Officer**

The name of the executive officer of Gabriel who is knowledgeable about this material change and this report is Jonathan Henry, President and Chief Executive Officer, who can be reached at +44 7798 801 783.

**Item 9 - Date of Report**

July 13, 2017