

**Gabriel Resources Ltd.**

Condensed Interim Consolidated Financial Statements  
(Unaudited)

For the period ended September 30, 2019

# Condensed Consolidated Statement of Financial Position

As at September 30, 2019 and December 31, 2018

(Unaudited and expressed in thousands of Canadian dollars)

	Notes	September 30 2019	December 31 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	34,345	18,116
Trade and other receivables		277	731
Prepaid expenses and supplies		381	288
<b>Total current assets (excluding assets classified as held for sale)</b>		<b>35,003</b>	19,135
<b>Assets classified as held for sale</b>	6	<b>6,273</b>	6,554
<b>Total current assets</b>		<b>41,276</b>	25,689
<b>Non-current assets</b>			
Restricted cash	7	519	570
Property, plant and equipment		134	134
Right of use assets	4	11	-
Loan receivable	12	851	500
<b>Total non-current assets</b>		<b>1,515</b>	1,204
<b>TOTAL ASSETS</b>		<b>42,791</b>	26,893
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	5,380	4,969
Resettlement liabilities	9	570	640
Lease liabilities (short term)	4	22	-
Other current liabilities	10	1,789	953
<b>Total current liabilities</b>		<b>7,761</b>	6,562
<b>Non-current liabilities</b>			
Convertible, subordinated, unsecured notes	16	77,754	71,136
<b>Total non-current liabilities</b>		<b>77,754</b>	71,136
<b>TOTAL LIABILITIES</b>		<b>85,515</b>	77,698
<b>Deficit</b>			
Share capital		899,884	880,197
Other reserves		157,418	142,481
Currency translation adjustment		1,614	1,836
Accumulated deficit		(1,105,599)	(1,079,331)
<b>Deficit attributable to owners of the parent</b>		<b>(46,683)</b>	(54,817)
Non-controlling interest	11	3,959	4,012
<b>TOTAL DEFICIT</b>		<b>(42,724)</b>	(50,805)
<b>TOTAL DEFICIT AND LIABILITIES</b>		<b>42,791</b>	26,893

## Going concern – Note 1

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Income Statement

For the three and nine-month periods ended September 30

(Unaudited and expressed in thousands of Canadian dollars, except per share data)

	Notes	3 months ended September 30		9 months ended September 30	
		2019	2018	2019	2018
<b>Expenses</b>					
Corporate, general and administrative	5	7,814	15,185	16,614	28,776
Impairment of LLTE	6	-	-	-	3,943
Share-based compensation		1,031	(239)	2,908	317
Depreciation		17	16	88	58
<b>Operating loss</b>	14	<b>8,862</b>	14,962	<b>19,610</b>	33,094
<b>Other (income) / expense</b>					
Interest received		(90)	(57)	(274)	(222)
Write down of receivable		276	-	276	-
Gain on disposal of assets		-	-	(290)	(724)
Finance costs: lease liability accretion		1	-	32	-
Finance costs: convertible notes accretion	16	2,272	2,018	6,618	5,879
Foreign exchange loss / (gain)		(193)	253	296	(126)
<b>Loss for the period attributable to owners of the parent</b>		<b>11,128</b>	17,176	<b>26,268</b>	37,901
<b>Basic and diluted loss per share</b>		<b>\$0.02</b>	\$0.04	<b>\$0.05</b>	\$0.10

## Condensed Consolidated Statement of Comprehensive Loss

For the three and nine-month periods ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended September 30		9 months ended September 30	
	2019	2018	2019	2018
<b>Loss for the period</b>	<b>11,128</b>	17,176	<b>26,268</b>	37,901
<i>Other comprehensive loss / (income)</i>				
<i>- may recycle to the Income Statement in future periods</i>				
Currency translation adjustment	(1)	(574)	275	(76)
<b>Comprehensive loss for the period</b>	<b>11,127</b>	16,602	<b>26,543</b>	37,825
<b>Comprehensive loss / (gain) for the period attributable to:</b>				
- Owners of the parent	11,127	16,713	26,490	37,840
- Non-controlling interest	-	(111)	53	(15)
<b>Comprehensive loss for the period</b>	<b>11,127</b>	16,602	<b>26,543</b>	37,825

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Changes in Shareholders' Deficit

For the nine month period ended September 30  
(Unaudited and expressed in thousands of Canadian dollars)

	Note	9 months ended September 30 2019	2018
<b>Common shares</b>			
At January 1		880,197	868,288
Shares issued in private placement		19,687	-
At September 30		899,884	868,288
<b>Other reserves</b>			
At January 1		142,481	133,449
Share-based compensation		2,072	538
Warrants, net of issue costs		12,865	-
At September 30		157,418	133,987
<b>Currency translation adjustment</b>			
At January 1		1,836	1,579
Currency translation adjustment		(222)	61
At September 30		1,614	1,640
<b>Accumulated deficit</b>			
At January 1		(1,079,331)	(1,028,765)
Loss for the period		(26,268)	(37,901)
At September 30		(1,105,599)	(1,066,666)
<b>Non-controlling interest</b>			
At January 1		4,012	3,951
Currency translation adjustment		(53)	15
At September 30		3,959	3,966
<b>Total shareholders' deficit at September 30</b>		<b>(42,724)</b>	<b>(58,785)</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Cash Flows

For the nine month period ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	9 months ended September 30	
	2019	2018
<b>Cash flows used in operating activities</b>		
Loss for the period	(26,268)	(37,901)
Adjusted for the following non-cash items:		
Depreciation	88	58
Share-based compensation	2,908	317
Gain on disposal of assets	(290)	(724)
Impairment of LLTE	-	3,943
Finance costs - convertible note accretion	16	5,879
Unrealized foreign exchange loss / (gain)	98	(493)
	<b>(16,846)</b>	<b>(28,921)</b>
Changes in operating working capital:		
Unrealized foreign exchange loss / (gain)	286	(27)
Increase in accounts payable	704	4,720
Increase in accounts receivable	(42)	(164)
	<b>(15,898)</b>	<b>(24,392)</b>
<b>Cash flows provided by / (used in) investing activities</b>		
Proceeds from sale of long lead-time equipment	6	4,256
Purchase of property, plant and equipment	(41)	(39)
	<b>(41)</b>	<b>4,217</b>
<b>Cash flows provided by financing activities</b>		
Proceeds from August 2019 private placement, net of costs	16	-
Proceeds from December 2018 private placement, received in January 2019, net of costs	16	-
	<b>32,552</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>16,613</b>	<b>(20,175)</b>
<b>Effect of foreign exchange on cash and cash equivalents</b>	<b>(384)</b>	<b>520</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>18,116</b>	<b>31,220</b>
<b>Cash and cash equivalents - end of period</b>	<b>34,345</b>	<b>11,565</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

*(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)*

## 1. Nature of operations and going concern

Gabriel Resources Ltd. (“Gabriel” or the “Company”) is a Canadian resource company whose common shares (“Common Shares”) are listed on the TSX Venture Exchange (“Exchange”).

While Gabriel’s activities were previously focused on permitting and developing the Roşia Montană gold and silver project (the “Project”) in Romania, as of the date of these Condensed Interim Consolidated Financial Statements (“Condensed Financial Statements”) Gabriel and its subsidiary companies (together the “Group”) are now principally focused on the pursuit of an international bilateral investment treaty claim against Romania, as described further below. The exploitation license for the Project (“License”) is held by Roşia Montană Gold Corporation S.A. (“RMGC”), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roşia Montană S.A. (“Minvest RM”), a Romanian state-owned mining company.

On July 21, 2015, pursuant to the provisions of international bilateral investment protection treaties which the Romanian State entered into with each of Canada and the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the “Treaties”), Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited (“Claimants”), filed a request for arbitration (“Arbitration Request”) before the World Bank’s International Centre for Settlement of Investment Disputes (“ICSID”) against the Romanian State (“ICSID Arbitration”). The Arbitration Request was registered by ICSID on July 30, 2015 and the presiding tribunal for the ICSID Arbitration (“Tribunal”) was originally constituted on June 21, 2016. The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the State’s wrongful conduct and its breaches of the Treaties’ protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and the related licenses.

Key milestones in the ICSID Arbitration proceedings to date include:

- The first Tribunal hearing took place on August 12, 2016.
- On January 10, 2017, the Tribunal issued Procedural Order No.4 establishing a procedural calendar for the ICSID Arbitration, including specific dates for the filing of submissions by the parties and other necessary procedural matters.
- On June 30, 2017, the Claimants delivered a memorial to ICSID on the merits and quantum of the ICSID Arbitration claim (“Memorial”).
- On February 22, 2018, the Romanian State delivered a counter memorial (“Counter Memorial”) in response to the Memorial filed by the Claimants.
- On May 25, 2018, Romania supplemented the submission of its Counter-Memorial with a further preliminary objection to the jurisdiction of the Tribunal to hear the claims presented by Gabriel Resources (Jersey) Limited (“Jurisdictional Challenge”).
- On November 2, 2018, the Claimants filed with ICSID a reply in support of its claim (“Reply”) responding to the Respondent’s Counter-Memorial and Jurisdictional Challenge.
- On February 28, 2019, the Claimants and the Respondent filed their comments on an amicus curiae submission to the Tribunal by certain non-governmental organizations (or “non-disputing parties”) who have opposed the Project for many years.
- On May 24, 2019 the Respondent filed its response to the Reply (“Rejoinder”) and its reply on the Jurisdictional Challenge, the Respondent’s final substantive submission.
- On June 28, 2019 Gabriel filed its surrejoinder on the Jurisdictional Challenge (“Surrejoinder”).

The Tribunal is scheduled to hold an oral hearing on the merits of the claim in Washington D.C. from December 2 to 13, 2019 (“Hearing”). On October 15, 2019 the Tribunal granted the Respondent’s late request of September 26, 2019 to bifurcate the Hearing; that is maintaining the original Hearing of two weeks scheduled in December 2019 but proposing to hold an additional one week hearing as soon as possible thereafter (“Second Hearing”). On October 25, the Tribunal and the parties held a telephone conference to discuss the organization of the Hearing. The Tribunal has yet to indicate dates upon which it is available to conduct the Second Hearing.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

*(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)*

## 1. Nature of operations and going concern (continued)

There can be no assurances that the ICSID Arbitration will advance in a customary or predictable manner or be completed or settled within any specific or reasonable period of time. The resources necessary in pursuing the ICSID Arbitration are substantial and the amount of costs, fees and other expenses and commitments payable in connection with the ICSID Arbitration may differ materially from Management's expectations. Further funding may be required by the Company to pursue the ICSID Arbitration to its conclusion, including the enforcement of any award.

The Condensed Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. On the basis of the Company's balance of cash and cash equivalents as at September 30, 2019, and the proceeds from the sale of long lead-time equipment described in note 6 below, the Company has sufficient funding necessary to maintain the Group's primary assets and to fund general working capital requirements together with the material estimated costs associated with the Company advancing the ICSID Arbitration through the Hearing and the following year. Notwithstanding the Company's historic funding, there is a risk that sufficient additional financing, if required, may not be available to the Company on acceptable terms, or at all. This material uncertainty, should the need for further funding arise, may cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Financial Statements do not reflect the adjustments to the carrying values of assets or liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations or as a result of any adverse conclusion to the ICSID Arbitration. Such adjustments could be material.

The Company's registered address is Suite 200 – 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 1Z4. The Company receives significant management services from its wholly-owned subsidiary, RM Gold (Services) Ltd. ("RMGS"). The principal place of business for RMGS is 1 Central Court, 25 Southampton Buildings, London, WC2A 1AL, United Kingdom. The Company is the ultimate parent of the Group and does not have any controlling shareholders.

## 2. Basis of preparation

The Condensed Financial Statements for the three and nine-month periods ended September 30, 2019, have been prepared in accordance with IFRS as applicable to the preparation of interim financial statements, including International Accounting Standard 34 - Interim Financial Reporting. The Condensed Financial Statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 (the "2018 Financial Statements"), which have been prepared in accordance with IFRS.

The Condensed Financial Statements have been prepared according to the historical cost convention.

The Condensed Financial Statements were approved by the Board of Directors on November 11, 2019.

## 3. Critical accounting estimates, risks and uncertainties

The Company performed an analysis of risk factors which, if any should materialize, could materially and adversely affect the results of operations and financial position of the Company.

The preparation of consolidated financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities, if any, at the date of the financial statements and the reported amount of expenses and other income for the period. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. The significant estimates and assumptions are not materially different from those disclosed in the 2018 Financial Statements.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 4. Accounting policies

The material accounting policies followed in the Condensed Financial Statements are the same as those applied in the 2018 Financial Statements with the exception of the below:

The group has adopted IFRS 16 effective from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the standard's specific transitional provisions. IFRS 16 requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized as at January 1, 2019 and the impact on the Condensed Consolidated Statement of Financial Position was less than \$0.1 million.

## 5. Corporate, General and Administrative expenses

<i>in thousands of Canadian dollars</i>	3 months ended September 30		9 months ended September 30	
	2019	2018	2019	2018
ICSID Arbitration related	5,280	8,837	8,002	16,471
Payroll	1,178	4,652	3,853	7,430
Finance	257	206	692	602
Travel and transportation	190	272	684	623
Legal	77	186	352	607
Community relations	170	115	630	361
Property and exploration taxes	171	170	520	515
Long lead-time equipment storage costs	141	197	437	654
Office rental and utilities	117	117	368	372
Information technology	121	81	355	246
External communications	52	54	127	169
Other	60	298	594	726
Corporate, general and administrative expense	7,814	15,185	16,614	28,776

ICSID Arbitration related costs are legal and other advisory services provided to the Company in respect of the ICSID Arbitration. The decrease compared to the corresponding 2018 period is due to the significantly higher 2018 activity levels in analyzing Romania's Counter Memorial filed in February 2018, and preparing the Reply filed in November 2018, whereas the 2019 period reflects more limited activity on the ICSID Arbitration in respect of preparing the Surrejoinder filed in June 2019 together with initial review of Romania's Rejoinder filed on May 24, 2019, along with preparing for the Hearing in December 2019.

Payroll is the total of salaries, bonuses and relevant taxes for all Group employees. The decrease in payroll costs compared to the corresponding 2018 period is due primarily to recognition in the three-month period ended September 30, 2018 of \$3.5 million in respect of settlement expenses paid to the former chief executive officer of the Group, including the forfeiture of all stock options and share unit related incentives held by him, at the time of his departure from the Company.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 6. Assets held for sale

<b>Balance - December 31, 2017</b>	13,723
Disposal	(3,546)
Impairment charge	(3,943)
Currency translation adjustment	320
<b>Balance - December 31, 2018</b>	6,554
Currency translation adjustment	(281)
<b>Balance - September 30, 2019</b>	<b>6,273</b>

The prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is considered remote. In late 2015, the Company engaged two specialist agents to broker the sale of the long lead-time equipment, and the equipment was transferred to assets held for sale on December 31, 2015. The agents' engagement is ongoing.

On May 4, 2018, the Group sold a ball mill plus motors and spares for gross proceeds of US\$4.1 million (approx. \$5.3 million). On June 19, 2019, RMGC concluded an agreement with an interested buyer for an option to purchase the remaining ball mill, excluding motors, and received a non-refundable deposit of US\$325,000 (approx. \$430,000) (note 8). A final payment of US\$2.95 million was received on October 18, 2019, for aggregate gross proceeds of US\$3.275 million (approx. \$4.27 million). Taking into account costs of sale, including commission to the Company's equipment broker, Gabriel added to treasury net cash receipts of US\$2.3 million (approx. \$3.0 million).

The remaining long lead-time equipment comprises milling equipment, predominantly a SAG mill, gearless motor drive and ball mill motors. These items are currently stored in warehouses in the port of Antwerp, Belgium. During the nine-month period to September 30, 2019, the value of the long-lead time equipment was assessed for indicators of impairment and Management deemed it appropriate not to record an impairment charge as at September 30, 2019.

## 7. Cash and cash equivalents

As at	September 30 2019	December 31 2018
Cash at bank and on hand	2,334	18,116
Short-term bank deposits	32,011	-
Cash and cash equivalents	34,345	18,116
Restricted cash	519	570
	<b>34,864</b>	18,686

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Cash is readily accessible and is deposited at reputable financial institutions with acceptable credit standings.

The Group manages its domestic Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources from its corporate office and only transferring money to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks. At September 30, 2019, the Group held \$0.6 million in unrestricted cash and cash equivalents in Romanian banks (at December 31, 2018: \$0.4 million).

Short-term bank deposits represent investments in government treasury bills with maturities of less than 90 days.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 7. Cash and cash equivalents (continued)

Restricted cash represents cash collateralization of legally required environmental guarantees for future clean-up costs of \$0.1 million. In addition, in late 2013 the Romanian regional prosecutor's office in Ploiesti placed a restriction order on \$0.3 million held in one of RMGC's Romanian bank accounts pending the outcome of an investigation into a group of companies, one of which was a former supplier to RMGC. Management understands that this investigation remains ongoing. The restricted amount represents the value of the goods procured from the supplier during 2012. RMGC continues to challenge the legality of the restriction and to cooperate fully with the prosecutor's office.

## 8. Trade and other payables

As at	September 30 2019	December 31 2018
Trade payables	120	390
Payroll liabilities	240	2,421
Deposit received	430	-
Accruals and other payables	4,662	2,158
	<b>5,452</b>	<b>4,969</b>

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. The non-refundable deposit received for the ball mill has been accounted for as a liability until the transaction completes and the asset value is removed from the Balance Sheet. The increase in accruals and other payables period on period is primarily due to costs associated with the increase in ICSID Arbitration related activities in the third quarter of 2019 ahead of the Hearing, whereas the Company filed its Reply in early November 2018 and related costs were largely settled by December 31, 2018. Payroll liabilities are comparably lower at September 30, 2019 as accrued 2018 performance related payments at December 31, 2018 have since been paid.

## 9. Resettlement liabilities

RMGC previously had a program for purchasing homes in the Project area. Under the resettlement program, residents were offered two choices; either to take the sale proceeds and move to a new location of their choosing, or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the new resettlement site option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total balance at September 30, 2019 was \$0.6 million (at December 31, 2018: \$0.6 million).

## 10. Other current liabilities

The Company has a deferred share unit ("DSU") plan under which qualifying participants receive certain compensation in the form of DSUs. With effect from July 1, 2016, certain Company non-executive directors have received fifty or one hundred per cent of their director fees payable in DSUs. DSUs are initially valued at the five-day weighted average market price of the Common Shares at the date of issue, with the value adjusted based on fair value on the closing share price at the end of each subsequent reporting period.

As at September 30, 2019, the Company's share price increased in comparison to December 31, 2018 and, accordingly, a fair value increase of \$0.8 million has been recorded in the DSU liability.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

*(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)*

## 11. Non-controlling interest

The Company historically advanced loans totaling US\$39.5 million to Minvest RM, the non-controlling shareholder of RMGC, to facilitate mandatory statutory share capital increases in RMGC in accordance with Romanian company law rules on capitalization. These loans, which remain outstanding at September 30, 2019, are non-interest bearing and according to their terms are to be repaid as and when RMGC distributes dividends to its shareholders. The loans are accounted for as part of the Group's net investment in RMGC and, accordingly, have been set-off against non-controlling interests in the Condensed Consolidated Statement of Financial Position. The loans and non-controlling interest components will be reflected individually at such time as repayment of the loans is possible.

In December 2013, the Group was required to recapitalize RMGC in order to comply with Romanian minimum capitalization company law requirements. The subscription to RMGC share capital by the Company was effected through a conversion of existing intercompany debt. On January 17, 2014 the Group agreed to transfer to Minvest RM, for nil consideration, a proportion of the shares subscribed to in December 2013, with a face value of \$20.4 million, in order to preserve the ratio of respective shareholdings in RMGC. This transfer gave rise to the disclosed non-controlling interest and subsequent accounting.

## 12. Related Party Transactions

The Group had related party transactions with associated persons or corporations which were undertaken in the normal course of operations, as well as arising in connection with the private placements described in Note 16.

Historical related party transactions with Minvest RM are disclosed in Note 11. There have been no transactions with Minvest RM in 2018 or 2019.

In June 2018, the Company entered into a facility agreement with SC Total Business Land SRL ("TBL"), an entity controlled by current and former employees of RMGC, pursuant to which it agreed to lend \$0.9 million to TBL. The loan is repayable in 2028 and accrues interest at a rate of 1% per annum and is secured by a mortgage over certain assets of the borrower and personal guarantees in favour of the Company by the principals of TBL. TBL drew down an initial \$0.5 million against the facility in 2018. A second and final \$0.4 million was drawn down in February 2019. A first repayment of a minor tranche of the loan was received in April 2019.

## 13. Common Share options

With effect from July 1, 2016, certain Company non-executive directors have elected to receive all or some of their director fees payable in Common Share options. Director, officer, employee and consultant Common Share options were granted, exercised and cancelled during the period January 1, 2018 through September 30, 2019 as follows:

	Number of options ( <b>'000</b> )	Weighted average exercise price ( <b>dollars</b> )
<b>Balance - December 31, 2017</b>	26,313	0.69
Options granted	4,331	0.31
Options cancelled/forfeited	(2,075)	0.56
Options expired	(3,950)	1.36
<b>Balance - December 31, 2018</b>	24,619	0.53
Options granted	<b>5,980</b>	<b>0.37</b>
Options expired	<b>(2,325)</b>	<b>0.84</b>
<b>Balance - September 30, 2019</b>	<b>28,274</b>	<b>0.47</b>

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 14. Loss per share

	3 months ended September 30		9 months ended September 30	
	2019	2018	2019	2018
Loss for the period attributable to owners of the parent	<b>11,128</b>	17,176	<b>26,268</b>	37,901
Weighted-average number of common shares (000's)	<b>523,798</b>	384,453	<b>500,806</b>	384,451
Basic and diluted loss per share	<b>\$0.02</b>	\$0.04	<b>\$0.05</b>	\$0.10

## 15. Commitments

The following is a summary of Canadian dollar equivalent of the contractual commitments of the Group, including payments due for each of the next five years and thereafter:

	Total	2019	2020	2021	2022	2023	Thereafter
<i>Operating lease commitments</i>							
Rosia Montana exploitation license	2,979	712	712	712	712	131	-
Surface concession rights	1,479	25	45	45	45	45	1,274
Property lease agreements	44	23	11	10	-	-	-
<b>Total commitments</b>	<b>4,502</b>	<b>760</b>	<b>768</b>	<b>767</b>	<b>757</b>	<b>176</b>	<b>1,274</b>

## 16. Private placements

### August 2019

On August 23, 2019, the Company announced it had completed an initial closing of a private placement of up to 81,730,233 units ("Units") to raise gross proceeds of US\$20 million (the "August 2019 Private Placement"). At the initial closing, a total of 76,504,263 Units were issued at a price of \$0.3225 per Unit to raise aggregate gross proceeds of approximately \$24.7 million.

On September 13, 2019, the Company announced it had completed the final closing of the August 2019 Private Placement by issuing the remaining 5,225,970 Units, on the same terms as above, to raise gross proceeds of approximately \$1.7 million.

Each Unit consists of:

- One Common Share of the Company; and
- One Common Share purchase warrant ("Warrant"), which entitles the holder to acquire one Common Share at an exercise price of \$0.645 at any time prior to the date that is five years following the date of issue.

The key inputs used in determining the value of the August 2019 Private Placement set out in these Condensed Financial Statements are as follows:

### Initial closing

- Volatility (based on historic 60 month volatility of Gabriel's stock price ) 93.36%
- Remaining life (years) 5.0
- Risk free rate (5 year Government of Canada benchmark bond) 1.21%

### Final closing

- Volatility (based on historic 60 month volatility of Gabriel's stock price ) 94.54%
- Remaining life (years) 5.0
- Risk free rate (5 year Government of Canada benchmark bond) 1.49%

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 16. Private placements (continued)

The aggregate composition of the August 2019 Private Placement is set out in the following table:

	Gross allocation	Financing fees	Net allocation
Common shares	15,968	79	15,889
Warrants	10,392	51	10,341
Proceeds of private placement	26,360	130	26,230

### December 2018

On December 24, 2018, the Company announced it had completed an initial closing of a private placement of up to 106,425,847 units with a number of existing securityholders to raise gross proceeds of US\$20million (the "December 2018 Private Placement"). At the initial closing, a total of 80,702,475 units were issued at a price of \$0.2475 per unit to raise aggregate gross proceeds of approximately \$20 million.

On January 15, 2019, the Company announced it had completed the final closing of the 2018 Private Placement by issuing the remaining 25,723,372 units, on the same terms as above, with an existing securityholder to raise gross proceeds of approximately \$6.3 million.

Each of the units issued in the December 2018 Private Placement consists of:

- One Common Share of the Company; and
- One Warrant, which entitles the holder to acquire one Common Share at an exercise price of \$0.49 at any time prior to the date that is five years following the date of issue.

The key inputs used in determining the value of the December 2018 Private Placement set out in these Condensed Financial Statements are as follows:

### Initial closing

- Volatility (based on historic 60 month volatility of Gabriel's stock price ) 94.49%
- Remaining life (years) 5.0
- Risk free rate (5 year Government of Canada benchmark bond) 2.14%

### Final closing

- Volatility (based on historic 60 month volatility of Gabriel's stock price ) 95.49%
- Remaining life (years) 5.0
- Risk free rate (5 year Government of Canada benchmark bond) 1.90%

The aggregate composition of the December 2018 Private Placement is set out in the following table:

	Gross allocation	Financing fees	Net allocation
Common shares	15,806	99	15,707
Warrants	10,535	66	10,469
Proceeds of private placement	26,341	165	26,176

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 16. Private placements (continued)

### 2014 and 2016

In 2014 and 2016, the Company completed private placements with existing shareholders and a new investor (the “2014 and 2016 Private Placements”). A total of 95,625 units (comprising convertible notes, warrants and arbitration value rights) were issued pursuant to the 2014 and 2016 Private Placements at a price of \$1,000 per unit to raise aggregate gross proceeds of \$95.625 million. The convertible notes mature in June 2021.

Subsequent to initial measurement, the debt component of the 2014 and 2016 Private Placements is measured at amortized cost using the effective interest rate method. The valuation of the equity component is not adjusted subsequent to the initial recognition except on conversion or expiry.

There are two derivatives that are embedded within the convertible notes to the 2014 and 2016 Private Placements: a ‘make-whole premium’ to protect holders of the convertible notes in a change of control event as stated in the note indenture; and a ‘common share repayment right’ providing the Company with the right to repay the principal in Common Shares at a discounted amount of 95% of par at maturity. As at September 30, 2019, these two embedded derivatives were determined to have insignificant values and were accordingly not accounted for, but will be reassessed by Management at each reporting date.

The aggregate composition of the 2014 and 2016 Private Placements is set out in the following table:

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	52,205	461	51,744
Equity component of convertible debentures	45,213	642	44,571
Warrants	32,573	417	32,156
Charge on issue of in-the-money equity instruments	(34,366)	-	(34,366)
Proceeds of private placement	95,625	1,520	94,105

In accordance with IAS 7, changes in the value of the 2014 and 2016 Private Placements are as follows:

<b>Balance - December 31, 2017</b>	63,201
Interest paid	(24)
Accretion of debt component	7,959
<b>Balance - December 31, 2018</b>	71,136
Accretion of debt component	6,618
<b>Balance - September 30, 2019</b>	77,754

A summary of Warrants issued and outstanding, along with their exercise prices are as follows:

<b>Expiry date</b>	<b>Number of warrants</b>	<b>Exercise price (dollars)</b>
June 30, 2021	111,536,250	0.460
December 21, 2023	80,702,475	0.490
January 15, 2024	25,723,372	0.490
August 23, 2024	76,504,263	0.645
September 13, 2024	5,225,970	0.645

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

## 17. Segmental information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's Chief Executive Officer.

The Group has two segments: the first being the Romanian operating company, the principal activity of which was formerly the exploration, evaluation and development of precious metal mining projects in the country (designated as "Romania"). The rest of the entities within the Group form part of a secondary segment (designated as "Corporate").

The segmental report is as follows:

	Romania		Corporate		Total	
<b>For the three-month period ended September 30,</b>	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
<b>Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income</b>						
Interest received	-	-	(90)	(57)	(90)	(57)
Finance costs - convertible note accretion	-	-	2,272	2,018	2,272	2,018
Depreciation	10	5	7	11	17	16
Reportable segment loss	2,397	1,610	8,731	15,566	11,128	17,176
<b>For the nine-month period ended September 30,</b>						
	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
<b>Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income</b>						
Interest received	-	-	(274)	(222)	(274)	(222)
Finance costs - convertible note accretion	-	-	6,618	5,879	6,618	5,879
Depreciation	27	19	61	39	88	58
Reportable segment loss	6,458	6,752	19,810	31,149	26,268	37,901
<b>As at September 30,</b>						
	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
<b>Reportable segment in Condensed Consolidated Statement of Financial Position</b>						
Reportable segment current assets and assets classified as held for sale	6,802	7,324	34,474	11,610	41,276	18,934
Reportable segment non - current assets	633	647	882	534	1,515	1,181
Reportable segment liabilities	(511)	(825)	(85,004)	(78,075)	(85,515)	(78,900)

The Group's assets classified as held for sale are predominantly located in port facilities within the European Union.

# Notes to Condensed Consolidated Financial Statements

For the period ended September 30, 2019

*(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)*

## 18. Contingent liabilities

As at September 30, 2019, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse impact to the Company's financial position.

RMGC has been subject to two tax inspections by the Romanian National Agency for Fiscal Administration (the Agenția Națională de Administrare Fiscală – “ANAF”) in relation to the value added tax (“VAT”) previously claimed and received by RMGC from the Romanian tax authorities in respect of RMGC's purchase of goods and services in the period from July 2011 to January 2016.

The first inspection was concluded by ANAF in July 2016 and assessed a liability with interest and penalties of RON 42.9m (then approximately \$13.7 million). This 2016 assessment was successfully challenged by RMGC and partially quashed in September 2016.

A repeat inspection was undertaken by ANAF and on July 5, 2017, RMGC was served with a decision by ANAF assessing a liability in the amount of RON 27 million (approximately \$8.6 million) (“VAT Assessment”).

On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC's request for a stay of enforcement of the VAT Assessment, pending the determination of RMGC's annulment challenge of the VAT Assessment.

On October 23, 2017, RMGC received an additional demand from ANAF in respect of interest and penalties related to the VAT Assessment for RON 18.6 million (approximately \$6.0 million).

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 a hearing date has been set as December 2, 2020. RMGC is contesting this appeal and the stay of enforcement remains in effect for the VAT Assessment and for the interest and penalties demand.

The Company, along with 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. The Company considers that the outflow of economic resources in respect of the VAT Assessment is not probable, and consequently no liability has been recognized at September 30, 2019 and December 31, 2018.