

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

August 6, 2019, August 23, 2019 and September 13, 2019

Item 3 - News Release

News releases announcing the material change were disseminated to the market and filed on SEDAR on August 6, 2019, August 23, 2019, and September 13, 2019 respectively.

Item 4 - Summary of Material Change

On August 6, 2019, the Company announced that it had entered into subscription agreements with certain investors pursuant to which the Company intended to raise up to US\$20 million (approximately \$26.4 million) by way of a non-brokered private placement (the “**Private Placement**”), subject to stock exchange and other approvals as applicable.

The Company noted that it is progressing with its arbitration case against Romania before the World Bank’s International Centre for Settlement of Investment Disputes (“**ICSID Arbitration**”) and that it intends to use the proceeds of the Private Placement to finance the costs of the ongoing ICSID Arbitration and for general working capital requirements.

On August 23, 2019, Gabriel announced that it had partially closed the Private Placement with funding of US\$18.7 million (“**Initial Closing**”). On September 13, 2019, Gabriel announced that it had closed the Private Placement with receipt of the remaining funding of US\$1.3 million

Item 5 - Full Description of Material Change

The Company filed a detailed material change report relating to the participants, impact, review process and approvals relating to the Private Placement on August 6, 2019 and a further report relating to the Initial Closing on August 30, 2019. This material change report updates those reports only in respect of the receipt of the remaining funding noted above.

Private Placement

Pursuant to the Initial Closing, the Company has issued 81,730,233 units (the “**Units**”) to the subscribers pursuant to the Private Placement, each Unit consisting of: (i) one common share (“**Common Share**”) in the capital of the Company (the “**New Shares**”) and; (ii) one Common Share purchase warrant (the “**New Warrants**”) and together with the New Shares, the “**New Securities**”).

The New Shares are issued at a price of \$0.3225 per Common Share, representing a 25.0% discount to the \$0.43 closing price (the “**Market Price**”) of the Common Shares on the TSX Venture Exchange (“**TSXV**”) on August 2, 2019, the last trading day immediately preceding the announcement of the Private Placement.

Each New Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.645, which represents a premium of 50% to the Market Price, at any time in the five year period following their issue.

The New Securities, including the underlying Common Shares issuable pursuant to 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.

Anticipated Effect of the Private Placement

As a result of completion of the Private Placement, the Company will be able to continue to progress with the ICSID Arbitration. Furthermore, given that the estimated corporate working capital needs and costs of pursuing the ICSID Arbitration are significantly higher than the amount of cash and cash equivalents held by the Company prior to the closing of the Private Placement, the Private Placement will improve the financial position of the Company.

Resultant Total Securities in Issue

Prior to the announcement of the Private Placement, the Company had 491,167,460 Common Shares issued and outstanding. The aggregate number of Common Shares to be issued pursuant to the Private Placement (assuming exercise of all of the New Warrants) is 163,460,466, representing approximately 33.3% of the Common Shares issued and outstanding prior to the Initial Closing, on a non-diluted basis.

Taking into account the Private Placement, the Company has the following securities in issue:

- 573,037,693 Common Shares issued and outstanding;
- 5,225,970 Common Share purchase warrants which are exercisable at a price of \$0.645 at any time prior to September 13, 2024
- 76,504,263 Common Share purchase warrants which are exercisable at a price of \$0.645 at any time prior to August 23, 2024;
- 25,723,372 Common Share purchase warrants which are exercisable at a price of \$0.49 at any time prior to January 15, 2024;
- 80,702,475 Common Share purchase warrants which are exercisable at a price of \$0.49 at any time prior to December 21, 2023;
- 111,536,250 Common Share purchase warrants which are exercisable at a price of \$0.46 at any time prior to June 30, 2021;
- \$95,625,000 of convertible subordinated unsecured notes, with an annual coupon of 0.025%, a conversion price of \$0.3105, and a maturity date of June 30, 2021. At maturity, the Company will have the option to repay the notes through the issuance of Common Shares; and

- 95,625 arbitration value rights (“**AVRs**”), comprising:
 - 55,000 AVRs entitling the holders to a pro rata share of 7.5% of any proceeds arising from any monies received by the Company and/or any of its affiliates pursuant to any settlement or arbitral awards irrevocably made in its favour in relation to the ICSID Arbitration (“**ICSID Award**”), subject to a maximum aggregate entitlement of \$175 million among all holders of such AVRs; and
 - 40,625 AVRs entitling the holders to a pro rata share of 5.54% of any proceeds arising from any ICSID Award, subject to a maximum aggregate entitlement of \$129.3 million among all holders of such AVRs.

In connection with the Private Placement, certain subscribers have been granted the right to participate in future equity security and debt issuances of the Company on a pro-rata basis in order to maintain their fully diluted proportionate equity ownership interest in the Company. Any future equity issuances of the Company to which these pre-emptive rights apply will be subject to the approval of the TSXV.

The Private Placement was conditionally approved by the TSX Venture Exchange (the “**Exchange**”) on August 12, 2019. The Private Placement remains subject to final acceptance by the Exchange and the receipt of all other applicable approvals.

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 Richard Brown, Chief Financial Officer, who can be reached at +44 7748 760 276.

Item 9 - Date of Report

September 13, 2019