

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

December 3, 2020, December 18, 2020 and December 23, 2020

Item 3 - News Release

News releases announcing the material change were disseminated to the market and filed on SEDAR on December 3, 2020, December 18, 2020 and December 23, 2020 respectively.

Item 4 - Summary of Material Change

On December 3, 2020, the Company announced that it had entered into subscription agreements with certain investors pursuant to which the Company intended to raise US\$5 million by way of a private placement (the “**Private Placement**”), subject to approval of the TSX Venture Exchange (the “**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 December 18, 2020, Gabriel announced an initial closing of the Private Placement of US\$4.66 million (“**Initial Closing**”).

On December 23, 2020, Gabriel announced that it had closed the Private Placement with receipt of the remaining funding of US\$0.34 million. (“**Closing**”).

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 December 3, 2020. This material change report updates that report only in respect of the receipt of the funding noted above.

Private Placement

Following the Closing, the Company has issued 25,326,972 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 half of one Common Share purchase warrant (each whole warrant a “**New Warrant**” and together with the New Shares, the “**New Securities**”).

The New Shares are issued at a price of \$0.26 per Common Share, representing the closing price (the “**Market Price**”) of the Common Shares on the Exchange on December 3, 2020, 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 \$0.39, which represents a premium of 50% to the Market Price, at any time up to December 18, 2023 (in the case of the New Warrants issued pursuant to the Initial Closing) or December 23, 2023 (in the case of the New Warrants issued pursuant to the Closing).

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 and will not be, registered under the U.S. Securities Act of 1933 (the “**Act**”), as amended, or any state securities laws and accordingly may not be offered or sold in the United States or to U.S. persons (as defined under the Act) unless registered under the Act and applicable state securities requirements or unless an exemption from such registration or requirements 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 Initial Closing, 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 597,780,038 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 37,990,458, representing approximately 6.4% 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:

- 623,107,010 Common Shares issued and outstanding;
- 871,400 Common Share purchase warrants which are exercisable at a price of \$0.39 at any time prior to December 23, 2023;
- 11,792,086 Common Share purchase warrants which are exercisable at a price of \$0.39 at any time prior to December 18, 2023;
- 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;
- 103,867,820 Common Share purchase warrants which are exercisable at a price of \$0.46 at any time prior to June 30, 2021;
- \$90,862,000 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.

Private Placement Participation of Related Parties

The subscribers to the Private Placement include Electrum Group Holdings L.P. (“**Electrum**”), BSG Capital Markets Ltd. (“**BSG**”) and certain affiliates or investment funds managed by each of The Baupost Group, L.L.C. (“**Baupost**”), Paulson & Co. (“**Paulson**”) and Kopernik Global Investors, LLC (“**Kopernik**”), each of whom are deemed insiders as they each exercise control and direction over 10% or more of the issued and outstanding Common Shares of the Company immediately prior to Closing. As such, the Private Placement constitutes a “related party transaction”, as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). Other subscribers include Tenor Opportunity Associates LLC, an entity managed by Tenor Capital Management Company, L.P. (“**Tenor**”), which is not currently an insider but is a significant shareholder assuming the exercise or conversion, as applicable, of the Company’s outstanding warrants and convertible securities. Electrum, BSG, Baupost, Paulson, Kopernik and Tenor are collectively referred to as the “**Principal Subscribers**.”

Insiders of the Company have subscribed for 15,120,142 Units for gross proceeds of US\$2.98 million under the Private Placement. The Private Placement was negotiated on an arm’s length basis with all subscribers, notwithstanding the participation of these insiders.

In aggregate, prior to giving effect to the Private Placement and on a non-diluted basis, approximately 60.77% of all of the issued and outstanding Common Shares are owned or controlled, beneficially or otherwise, by insiders who are subscribers and 68.05% of all of the issued and outstanding Common Shares are owned or controlled, beneficially or otherwise, by the Principal Subscribers.

In connection with the Private Placement, the Principal 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 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 Exchange.

Effect of the Private Placement

The effect of the Private Placement on the percentage of Common Shares beneficially owned or controlled by the Principal Subscribers who are insiders is not material, either on an individual or aggregated basis. Prior to giving effect to the Private Placement, such insiders owned or controlled approximately 60.77% (on a non-diluted basis) of all of the issued and outstanding Common Shares. After giving effect to the Private Placement, such insiders own or control approximately 60.72% (on a non-diluted basis) of all of the issued and outstanding Common Shares.

Assuming full dilution on conversion or exercise (as applicable) of all securities of the Company issued and outstanding, in aggregate, all insiders of the Company, as exist following the Private Placement, would hold approximately 60.65% of all of the issued and outstanding Common Shares and the Principal Subscribers would hold approximately 81.28% of all of the issued and outstanding Common Shares.

Reliance on Certain Exemptions

The issuance of Units to insiders pursuant to the Private Placement constitutes a “related party transaction” within the meaning of Exchange Policy 5.9 and as well as under MI 61-101.

The Company intends to rely on certain exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a), 5.5(b) and 5.7(1)(a) of MI 61-101 in respect of related party participation in the Private Placement, as the Company is not listed on specified markets and neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves the related parties, exceeds 25% of the Company’s market capitalization (as determined under MI 61-101).

Other information

The Private Placement was conditionally approved by the Exchange on December 13, 2020. The Private Placement remains subject to final acceptance by the Exchange and the receipt of all other applicable approvals. Subject to such receipt, the Company will pay a cash finder’s fee of US\$5,000 in connection with the Private Placement in respect of the procurement of certain arm’s length subscribers.

The Private Placement was unanimously approved by the directors of the Company. Other than the subscription agreements and the New Warrants issued pursuant to the Private Placement, the Company has not entered into any agreement with an interested party or a joint actor with an interested party in connection with the Private Placement.

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

December 23, 2020