

Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended September 30, 2021

Condensed Consolidated Statement of Financial Position

As at September 30, 2021 (unaudited) and December 31, 2020 (audited)
(expressed in thousands of Canadian dollars)

	Notes	September 30 2021	December 31 2020 (Revised - note 2)
Assets			
Current assets			
Cash and cash equivalents	7	4,745	6,482
Trade and other receivables	8	94	276
Prepaid expenses and supplies	9	500	447
Total current assets (excluding assets classified as held for sale)		5,339	7,205
Assets held for sale	6	2,021	2,848
Total current assets		7,360	10,053
Non-current assets			
Restricted cash	7	212	230
Property, plant and equipment		80	117
Loan receivable	14	578	607
Total non-current assets		870	954
TOTAL ASSETS		8,230	11,007
Liabilities			
Current liabilities			
Trade and other payables	10	4,364	2,350
Resettlement liabilities	11	550	558
Convertible unsecured notes	15	-	85,640
Other current liabilities	12	983	791
Total current liabilities		5,897	89,339
TOTAL LIABILITIES		5,897	89,339
Equity / (deficit)			
Share capital	16	1,014,492	916,256
Other reserves		158,489	158,335
Currency translation adjustment		1,603	1,666
Accumulated deficit		(1,176,208)	(1,158,561)
Equity / (deficit) attributable to owners of the parent		(1,624)	(82,304)
Non-controlling interest	13	3,957	3,972
TOTAL EQUITY / (DEFICIT)		2,333	(78,332)
TOTAL EQUITY AND LIABILITIES		8,230	11,007

Going concern – Note 1

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

Condensed Consolidated Statement of Loss

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		9 months ended	
		September 30		September 30	
		2021	2020	2021	2020
Expenses					
Corporate, general and administrative	5	2,333	8,248	11,068	18,345
Impairment of LLTE	6	740	-	740	-
Related party loan forgiveness	12	-	129	-	129
Severance costs		-	655	-	655
Share-based compensation		(69)	172	498	1,770
Depreciation		7	10	24	31
Operating loss	17	3,011	9,214	12,330	20,930
Other (income) / expense					
Interest		7	(5)	(6)	(69)
Gain on disposal of assets		-	-	-	(19)
Finance costs: convertible notes accretion	15	-	2,389	5,234	7,281
Foreign exchange (gain) / loss		(31)	144	89	(805)
Loss for the period attributable to owners of the parent	16	2,987	11,742	17,647	27,318
Basic and diluted loss per share		\$0.00	\$0.02	\$0.02	\$0.05

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		9 months ended	
	September 30		September 30	
	2021	2020	2021	2020
Loss for the period	2,987	11,742	17,647	27,318
<i>Other comprehensive loss / (income)</i>				
<i>- may recycle to the Income Statement in future periods</i>				
Currency translation adjustment	(5)	(19)	78	(60)
Comprehensive loss for the period	2,982	11,723	17,725	27,258
Comprehensive loss for the period attributable to:				
- Owners of the parent	2,983	11,727	17,710	27,270
- Non-controlling interest	(1)	(4)	15	(12)
Comprehensive loss for the period	2,982	11,723	17,725	27,258

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

Condensed Consolidated Statement of Changes in Shareholders' Equity / (Deficit)

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

	Note	9 months ended September 30	
		2021	2020
			(Revised - note 2)
Common shares			
At January 1		916,256	900,839
Shares issued in private placement - net of issue costs	16	7,372	-
Shares issued on redemption of convertible notes - net of issue costs	16	90,712	-
Shares issued on the redemption of RSUs		152	-
Shares issued on the exercise of share options		-	184
Transfer from contributed surplus: exercise of share options		-	142
Shares issued on exercise of warrants		-	3,528
Transfer from contributed surplus - exercise of warrants		-	323
Shares issued on conversion of convertible notes		-	4,191
Transfer from contributed surplus - conversion of convertible notes		-	2,389
At September 30		1,014,492	911,596
Other reserves			
At January 1		158,335	157,205
Share-based compensation		306	1,871
Redemption of RSUs		(152)	-
Exercise of share options		-	(142)
Equity component of warrants exercised		-	(323)
Equity component of convertible notes converted		-	(2,389)
At September 30		158,489	156,222
Currency translation adjustment			
At January 1		1,666	1,623
Currency translation adjustment		(63)	48
At September 30		1,603	1,671
Accumulated deficit			
At January 1		(1,158,561)	(1,123,862)
Loss for the period	17	(17,647)	(27,318)
At September 30		(1,176,208)	(1,151,180)
Non-controlling interest			
At January 1		3,972	3,961
Currency translation adjustment		(15)	12
At September 30		3,957	3,973
Total shareholders' equity / (deficit) at September 30		2,333	(77,718)

The accompanying notes are an integral part of these condensed interim 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	
	Notes	2021	2020
(Revised - note 2)			
Cash flows used in operating activities			
Loss for the period		(17,647)	(27,318)
Adjusted for the following non-cash items:			
Depreciation		24	31
Share-based compensation		498	1,770
Gain on disposal of assets		-	(19)
Impairment of LLTE		740	-
Finance costs: convertible notes accretion	15	5,234	7,281
Interest on loan receivable		(5)	(6)
Related party loan forgiveness		-	129
Foreign exchange (gain)		(70)	(649)
		(11,226)	(18,781)
Changes in operating working capital:			
Increase / (Decrease) in trade and other payables		2,057	(3,851)
(Decrease) / increase in resettlement liabilities		(8)	19
Decrease other current liabilities		-	(47)
Decrease / (increase) in trade and other receivables		149	(23)
Increase in prepaid expenses and supplies		(61)	(31)
		(9,089)	(22,714)
Cash flows used in investing activities			
Repayment of loan receivable		34	42
Movement in restricted cash		2	295
Purchase of property, plant and equipment		-	(6)
		36	331
Cash flows provided by financing activities			
Proceeds from exercise of warrants	15	-	3,528
Proceeds from June 2021 private placement	15	7,458	-
June 2021 private placement costs		(87)	-
Interest paid on convertible unsecured notes	15	(11)	-
Costs incurred on conversion of convertible unsecured notes		(150)	-
Proceeds from the exercise of share options		-	184
		7,210	3,712
Decrease in cash and cash equivalents		(1,843)	(18,671)
Effect of foreign exchange on cash and cash equivalents		106	688
Cash and cash equivalents - beginning of period		6,482	25,730
Cash and cash equivalents - end of period		4,745	7,747

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

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed 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**”).

Gabriel’s activities over many years were focused on permitting and developing the Roşia Montană gold and silver project (the “**Project**”) in Romania. 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.

Over US\$700 million has been invested to maintain and develop the Project and also in defining two valuable mineral deposits at the Rodu-Frasin (epithermal gold and silver) site and the Tarniţa (porphyry copper-gold) site, both within the Bucium area located in the vicinity of Roşia Montană (“**Bucium Projects**”), in accordance with all applicable laws, regulations, licenses, and permits.

The Romanian State has, however, frustrated and prevented the implementation of those developments in an unlawful manner. Accordingly, these condensed interim consolidated financial statements (“**Condensed Financial Statements**”) reflect the principal focus of Gabriel and its subsidiary companies (together the “**Group**”) on the pursuit of international bilateral investment treaty claims against Romania, as described further below, which seek compensation resulting from the Romanian State’s expropriation, unfair and inequitable treatment, discrimination, and other unlawful treatment ultimately depriving the Claimants (defined below) of the use, benefit and entire value of their property rights associated with the Project and the Bucium Projects.

ICSID Arbitration

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 ICSID Arbitration seeks compensation for all of the loss and damage resulting from the Romanian State’s wrongful conduct and its breaches of the Treaties’ protections.

The ICSID Arbitration process is well advanced. To date, and in accordance with the procedural timelines established by the presiding tribunal for the ICSID Arbitration (“**Tribunal**”), the parties have delivered to ICSID a number of substantial written submissions and participated in two hearings on the merits of the claim. Key milestones in the ICSID Arbitration proceedings to date include:

- On June 30, 2017, the Claimants filed their memorial on the merits of the claim and the quantum of the damages sustained (“**Memorial**”).
- On February 22, 2018, the Romanian State (“**Respondent**”) filed a counter memorial (“**Counter Memorial**”) in response to the Memorial.
- On May 25, 2018, the Respondent filed a supplementary further preliminary objection with ICSID challenging the jurisdiction of the Tribunal to hear the claims presented by Gabriel Resources (Jersey) Limited (“**Jurisdictional Challenge**”).
- On November 2, 2018, the Claimants filed a reply in support of the claims (“**Reply**”) and responding to the Respondent’s Counter-Memorial and Jurisdictional Challenge.
- On February 28, 2019, the Claimants and the Respondent filed comments on a 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.

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

1 Nature of operations and going concern (continued)

- On June 28, 2019, the Claimants filed a surrejoinder on the Jurisdictional Challenge responding to the reply thereon from the Respondent.
- An oral hearing on the merits of the claim was held in Washington D.C. between December 2 and December 13, 2019 (“**Hearing**”) to address the evidentiary record in the case, issues on liability and jurisdiction and to hear testimony from certain of the parties’ fact and expert witnesses.
- On March 10, 2020, the Tribunal issued a list of further questions arising from the evidence presented during the Hearing (“**Tribunal Questions**”).
- On April 10, 2020, the Claimants and the Respondent filed their comments on a written submission to the Tribunal by the European Commission as a non-disputing party in the ICSID Arbitration.
- On May 11, 2020, the Claimants provided their answers to the Tribunal Questions.
- On July 13, 2020, the Respondent provided its answers to the Tribunal Questions.
- A second oral hearing on the merits of the claim was held virtually from September 28 to October 4, 2020 (“**Second Hearing**”) which focused on technical and feasibility-related aspects of the Project and the Bucium Projects and the quantum of the damages claimed, including testimony from certain of the parties’ fact and expert witnesses.
- On February 18, 2021 and April 23, 2021 the Claimants and Respondent each filed further simultaneous written submissions in order to comment in conclusion on the evidentiary record (“**Post-Hearing Briefs**”).

In a procedural order issued on September 30, 2021, the Tribunal granted the Claimants request for permission to submit certain new evidence into the record in relation to: (i) Romania’s reactivation of its nomination of the Roşia Montană Mining Landscape as a UNESCO World Heritage site and the site’s inscription by UNESCO on July 27, 2021, as described further below; and (ii) the decision of Romania’s Buzău Tribunal dated December 10, 2020 rejecting a legal challenge to the second archaeological discharge certificate issued for the Cărnic massif. The Tribunal also invited the parties to confer on a procedure for addressing the new documents. The parties subsequently agreed that each would make one written submission presenting their respective arguments, limited to a maximum of 10,000 words. The Claimants filed their submission on October 29, 2021 and the Respondent will have until December 6, 2021 to file its response

Notwithstanding the filing of the Post-Hearing Briefs, which are typically the final substantive written submissions of the parties in the proceedings, the Tribunal has held out the prospect of a further procedural step in the form of an additional oral hearing or a written phase for the parties to respond to any Tribunal questions that may arise following the filing of the Post-Hearing Briefs. In the absence of any further questions from the Tribunal or other procedural interventions, it is anticipated that the Tribunal will now focus on its deliberations and preparation of its final decision (“**Award**”). There is no specified timeframe in the ICSID Rules in which a further procedural step may be undertaken or an Award is to be made by the Tribunal. Furthermore, that Award may be subject to a request for annulment (albeit such request can only be made on very limited grounds).

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 costs, fees and other expenses and commitments payable in connection with the ICSID Arbitration may differ materially from Management’s expectations.

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

1 Nature of operations and going concern (continued)

Impact of the Coronavirus

With respect to the outbreak of the novel coronavirus (COVID - 19), Gabriel continues to consider carefully the impact, noting the continuing disruption to normal activities and the uncertainty over the duration of this disruption. The highest priority of Gabriel's board of directors (the "**Board**") and the Management is the health, safety and welfare of the Group's employees and contractors. Gabriel recognizes that the situation is extremely fluid and is monitoring the relevant recommendations and restrictions on work practices and travel. At this time, these recommendations and restrictions do not significantly impact Gabriel's ability to continue the ICSID Arbitration process or conduct the limited operations in Romania, nor has there been a significant impact on the Group's results or operations through 2020 and 2021 to date.

As previously disclosed, the Group will require further new investment and is also looking to sell its remaining long lead-time equipment. The market and timing for each initiative may be adversely affected by the effects of COVID-19. As a result, Gabriel will react to circumstances as they arise and make any necessary adjustments to the work processes required, and, should any material disruption from COVID-19 affect the Group for an extended duration, Gabriel will review certain planned activities in Romania and take remedial actions, if it is determined to be necessary or prudent to do so.

Going concern

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, 2021, and taking into account the proceeds receivable from an agreement for the sale of the remaining long lead time equipment ("**LLTE**") entered into on November 1, 2021 (see Note 6), the Company believes it has sufficient funding necessary to fund general working capital requirements together with the material estimated costs associated with advancing the ICSID Arbitration through to March 2022. There can be no assurances that the ICSID Arbitration will advance in a customary or predictable manner or within any specific or reasonable period of time, and, as described above, further procedural steps may be required to be completed prior to the issuance of an Award. Accordingly, Gabriel believes that it will need to raise additional funding in Q1 2022 in order to preserve its remaining assets, including its License and associated rights and permits, post March 2022 while it awaits the Award of the Tribunal.

Thereafter, the Group will require further funding for general working capital purposes and to pursue the long-term activities required to see the ICSID Arbitration through to its conclusion, which may include, as appropriate, costs of any potential annulment proceedings and/or costs of enforcement of any Award. 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. This material uncertainty 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 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.

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

2. Basis of preparation

The Condensed Financial Statements for the three and nine-month periods ended September 30, 2021 have been prepared in accordance with International Financial Reporting Standards (“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, 2020 (the “**2020 Financial Statements**”), which have been prepared in accordance with IFRS. The Condensed Financial Statements have been prepared according to the historical cost convention and, in the case of the “LLTE, recognized at fair value and were approved by the Board on November 9, 2021.

Revision of prior period balances

1) Revision of presentation of share capital and other reserves

The Company has revised the prior period financial statements as RSUs redeemed in 2019 should have resulted in an increase to share capital with a corresponding decrease in other reserves. As a result, \$0.3 million has been reclassified to share capital from other reserves as at January 1, 2020 and December 31, 2020. The revisions have resulted in the following changes to the financial statements as at January 1, 2020 and December 31, 2020:

	Previously reported	Adjustment	Adjusted amount
January 1, 2020			
Share capital	900,583	256	900,839
Other reserves	157,461	(256)	157,205
	Previously reported	Adjustment	Adjusted amount
December 31, 2020			
Share capital	916,000	256	916,256
Other reserves	158,591	(256)	158,335

In these financial statements for the nine-month period ended September 30, 2021, the Company has revised presentation of the prior period financial statements for the treatment of certain non-cash items and working capital movements included within operating activities, reclassification of restricted cash movements to investing activities and adjustments relating to foreign exchange on cash and cash equivalents. The resulting revisions have resulted in the following changes to the financial statements for the nine-months period ended September 30, 2020:

	Previously reported	Adjustment	Adjusted amount
Cash flows used in operating activities	(22,473)	(241)	(22,714)
Cash flows used in investing activities	(6)	337	331
Foreign exchange on cash and cash equivalents	784	(96)	688

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

3. Critical accounting estimates, risks and uncertainties

The preparation of the Condensed Financial Statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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, including the classification and measurement of assets as held for sale. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience and information available at the balance sheet date. Apart from the estimates and assumptions used in determining the recoverable value of the LLTE (see note 6) and the date at which existing cash reserves will be exhausted (impacted by, among other things, the disposal of the LLTE), the significant estimates and assumptions are not materially different from those disclosed in the 2020 Financial Statements.

4. Accounting policies

The material accounting policies followed in the Condensed Financial Statements are the same as those applied in the 2020 Financial Statements.

5. Corporate, General and Administrative expenses

<i>in thousands of Canadian dollars</i>	3 months ended September 30		9 months ended September 30	
	2021	2020	2021	2020
ICSID Arbitration related	182	5,773	4,005	10,226
Payroll	934	1,116	2,926	3,791
Finance	140	171	690	575
Property and exploration taxes	171	182	536	535
Community relations	183	209	536	587
Office rental and utilities	117	120	391	363
Long lead-time equipment storage costs	114	128	344	365
Legal	105	88	249	321
Travel and transportation	87	110	246	409
Information technology	92	92	243	285
External communications	39	35	145	125
Other	169	224	757	763
Corporate, general and administrative expense	2,333	8,248	11,068	18,345

ICSID Arbitration related costs are legal and other advisory services provided to the Company in respect of the ICSID Arbitration. Payroll is the total of salaries, and relevant taxes for all Group employees, together with cash-based directors' fees.

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

6. Assets held for sale

Balance - December 31, 2019	3,210
Impairment charge	(421)
Currency translation adjustment	59
Balance - December 31, 2020	2,848
Impairment charge	(740)
Currency translation adjustment	(87)
Balance - September 30, 2021	2,021

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. Piecemeal sales of the LLTE have completed since that time and the agents' engagement is ongoing. The remaining LLTE comprises a SAG mill, together with a gearless motor drive and ball mill motors; of these, only the SAG mill and gearless motor drive have any carrying value in the Condensed Financial Statements. These items are currently stored in warehouses in the port of Antwerp, Belgium.

7. Cash and cash equivalents and restricted cash

As at	September 30 2021	December 31 2020
Cash at bank and on hand	4,745	4,571
Short-term bank deposits	-	1,911
Cash and cash equivalents	4,745	6,482
Restricted cash	212	230
	4,957	6,712

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.

Restricted cash represents cash collateralization of legally required environmental guarantees for future clean-up costs of \$0.1 million and supplier deposits of \$0.1 million.

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

8. Other receivables

Other receivables of \$0.1 million at September 30, 2021 (December 31, 2020: \$0.3 million) is comprised of group VAT receivable at the period end. The carrying amounts of accounts receivable are denominated in the following currencies:

	September 30 2021	December 31 2020
UK pound sterling	9	25
Canadian dollar	1	10
Romanian leu	84	241
	94	276

	September 30 2021	December 31 2020
Corporate insurance	253	84
Mining tax	185	276
Other	62	87
	500	447

10. Trade and other payables

	September 30 2021	December 31 2020
As at		
Trade payables	220	192
Payroll liabilities	236	203
Accruals and other payables	3,908	1,955
	4,364	2,350

11. 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 alternative, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total resettlement liability balance at September 30, 2021 was \$0.6 million (December 31, 2020:\$0.6 million)

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

12. 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 up to 100 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 grant, with the value adjusted to fair value based on the closing share price at the end of each subsequent reporting period.

As at September 30, 2021, the Company’s share price increased from \$0.23 to \$0.235 in comparison to December 31, 2020 and, accordingly, a fair value increase of less than \$0.1 million has been recorded in the DSU liability. This fair value increase of existing DSUs is further increased by the fair value of the DSUs issued during the period (\$0.1 million).

13. Non-controlling interest

The Company has 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, 2021, 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 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 made possible.

In December 2013, the Group was required to recapitalize RMGC in order to comply with minimum 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 respective shareholdings in RMGC. This transfer gave rise to the disclosed non-controlling interest and subsequent accounting.

14. Related party transactions

The Group had related party transactions, with associated persons or corporations, which were undertaken in the normal course of operations as follows:

- (a) There have been no related party transactions with Minvest RM, the non-controlling shareholder of RMGC since 2014, as disclosed in Note 13
- (b) 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, 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 favor of the Company by the principals of TBL. By February 2019, TBL had drawn down the entire \$0.9 million facility. In September 2020 \$0.1 million of the loan was forgiven, and certain related personal guarantees released, as part of the severance agreement with certain RMGC employees. Partial payments of principal on the loan were received in 2019, 2020 and 2021. The balance of the loan at September 30, 2021 was \$0.6 million (December 31, 2020: \$0.6 million).

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

15. Private placements – issuance of convertible notes, warrants and equity

In recent years the Company has concluded a number of private placements, as summarized below, in order to fund the costs of the ICSID Arbitration, the continuance of operations in Romania and general working capital costs.

2014 and 2016 Private Placements

In 2014 and 2016, the Company completed private placements in which a total of 95,625 units were issued at a price of \$1,000 per unit to raise aggregate gross proceeds of \$95.625 million (the “**2014 and 2016 Private Placements**”).

The units issued in the 2014 and 2016 Private Placements consisted, in aggregate, of:

- \$95,625,000 of convertible subordinated unsecured notes, with an annual coupon of 0.025%, a conversion price of \$0.3105 (“**Conversion Price**”) and a maturity date of June 30, 2021 (“**Notes**”);
- 111,536,250 Common Share purchase warrants which were exercisable at a price of \$0.46 at any time prior to June 30, 2021; and
- 95,625 arbitration value rights (“**AVRs**”), comprising, in aggregate, of an entitlement to a pro rata share of 13.04% of any proceeds received in relation to the ICSID Arbitration, subject to a maximum aggregate entitlement of \$304.3 million among all holders of such AVRs

In June 2020, a total of \$4,763,000 of the Notes were converted into 15,339,773 Common Shares of the Company and 7,668,430 of the Common Share purchase warrants were exercised.

On June 30, 2021 the remaining Notes matured and the Company exercised its option (“**Common Share Repayment Right**”) to repay all of the outstanding \$90,862,000 principal amount of the Notes through the issue of Common Shares. In aggregate, 313,587,558 Common Shares were issued pursuant to the Common Share Repayment Right.

Also on June 30, 2021, the remaining 103,867,820 Common Share purchase warrants issued in the 2014 and 2016 Private Placements expired unexercised.

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

Balance - December 31, 2019	80,069
Interest paid	(23)
Accretion of debt component	9,784
Conversion	(4,191)
Balance - December 31, 2020	85,639
Accretion of debt component	5,234
Interest paid	(11)
Repayment of convertible notes	(90,862)
Balance - September 30, 2021	-

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

15. Private placements (continued)

2018 Private Placement

On January 15, 2019, the Company announced it had completed final closing of a non-brokered private placement of up to 106,425,846 units at a price of \$0.2475 per unit to raise gross proceeds of approximately \$26.3 million (the “**2018 Private Placement**”).

Each unit of the 2018 Private Placement consisted of:

- One Common Share; and
- One Common Share purchase warrant, each warrant entitling 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.

2019 Private Placement

On September 13, 2019, the Company announced it had completed final closing of a non-brokered private placement of up to 81,730,233 units at a price of \$0.3225 per unit to raise gross proceeds of approximately \$26.3 million (the “**2019 Private Placement**”).

Each unit of the 2019 Private Placement consisted of:

- One Common Share; and
- One Common Share purchase warrant, each warrant entitling 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.

2020 Private Placement

On December 23, 2020, the Company announced it had completed final closing of a non-brokered private placement of up to 25,326,972 units at a price of \$0.26 per unit to raise gross proceeds of approximately \$6.6 million (the “**2020 Private Placement**”).

Each unit of the 2020 Private Placement consisted of:

- One Common Share; and
- One half of a Common Share purchase warrant, each whole warrant entitling the holder to acquire one Common Share at an exercise price of \$0.39 at any time prior to the date that is three years following the date of issue.

2021 Private Placement

On June 10, 2021, the Company announced it had completed closing of a non-brokered private placement of 30,444,800 Common Shares at a price of \$0.245 per Common Share to raise gross proceeds of approximately \$7.5 million.

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16. Share capital

Authorized:

Unlimited number of Common Shares without par value

Unlimited number of preferred shares, issuable in series, without par value (none outstanding).

Issued:

	Number of shares (000's)	Amount ¹ (revised - note 2)
Balance - December 31, 2019	574,246	900,839
Shares issued in private placement	25,327	4,660
Shares issued on the conversion of convertible notes	15,340	6,580
Shares issued on the exercise of warrants	7,669	3,851
Shares issued on the exercise of share options	525	326
Balance - December 31, 2020	623,107	916,256
Shares issued on the exercise of RSUs	401	152
Shares issued in private placement	30,445	7,372
Shares issued on the repayment of convertible notes	313,588	90,712
Balance - September 30, 2021	967,541	1,014,492

¹ - Amounts in this column refer to amounts *net* of issue costs

Common Share purchase warrants

A summary of Common Share purchase warrants issued and outstanding as at September 30, 2021, along with their exercise prices, is as follows:

Expiry date	Number of warrants	Exercise price (dollars)
December 18, 2023	11,792,086	0.390
December 21, 2023	80,702,475	0.490
December 23, 2023	871,400	0.390
January 15, 2024	25,723,372	0.490
August 23, 2024	76,504,263	0.645
September 13, 2024	5,225,970	0.645

Movements in the number and exercise price of Warrants were as follows:

	Number of warrants (000)	Weighted average exercise price (dollars)
Balance - December 31, 2019	299,692	0.52
Exercised	(7,668)	0.46
Issued	12,663	0.39
Balance - December 31, 2020	304,687	0.52
Expired	(103,867)	0.46
Balance - September 30, 2021	200,820	0.55

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(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

16. Share capital (Continued)

Share Options

The exercise price of incentive stock options (“Share Options”) is determined as the higher of the five-day weighted average closing price of the Common Shares prior to the grant date of the Share Option and the closing price of the Common Shares on the day before the grant date of the Share Option. Share Options granted vest in accordance with milestones or vesting periods set by the Board at the grant date and are exercisable over up to ten years from the date of issuance.

The maximum number of Common Shares issuable under the Option Plan is fixed at 59,778,004.

As at September 30, 2021, Share Options held by directors, officers, employees and consultants were as follows:

Range of exercise prices (dollars)	Outstanding			Exercisable		
	Number of options (thousands)	Weighted average exercise price (dollars)	Weighted average remaining contractual life (years)	Number of options (thousands)	Weighted average exercise price (dollars)	Weighted average remaining contractual life (years)
0.22 - 0.30	2,388	0.26	8.4	1,953	0.26	8.1
0.31 - 0.40	13,744	0.36	6.1	12,684	0.36	6.2
0.41 - 0.50	11,054	0.45	7.2	11,054	0.45	7.2
0.51 - 0.60	88	0.57	8.0	88	0.57	8.0
0.61 - 0.70	481	0.65	4.9	481	0.65	4.9
0.71 - 0.80	5,000	0.79	2.3	5,000	0.79	2.3
	32,755	0.45	6.0	31,260	0.46	6.0

The estimated fair value of Share Options is amortized using graded vesting over the period in which the Share Options vest. For those Share Options which vest on a single date, either on issuance or on achievement of milestones (the ‘measurement date’), the fair value of these Share Options is amortized using graded vesting over the anticipated vesting period.

Certain Share Option grants have performance vesting conditions. The fair value of these Share Options that vest upon achievement of milestones will be recognized and expensed over the estimated vesting period of these Share Options. Adjustments resulting from the recalculation of the estimated vesting periods are recorded in the Condensed Consolidated Statement of Comprehensive Loss.

	Number of options ('000)	Weighted average exercise price (dollars)
Balance - December 31, 2019	27,509	0.47
Options granted	6,207	0.46
Options expired	(2,082)	0.56
Options exercised	(525)	0.35
Balance - December 31, 2020	31,109	0.46
Options granted	1,646	0.23
Balance - September 30, 2021	32,755	0.45

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

16. Share capital (Continued)

During the nine-month period ended September 30, 2021, 1.6 million Share Options were granted at a weighted average exercise price across all grants of \$0.23, of which 1.2 million vested immediately and the remaining 0.4 million vest on the first anniversary of grant.

In the corresponding nine-month period ended September 30, 2020, 6.2 million Share Options were granted at a weighted average exercise price across all grants of \$0.46, of which 3.3 million vested immediately and the remaining 2.9 million vested on the first anniversary of the grant. A total of 2.1 million Share Options lapsed unexercised in the period.

The valuation of the Share Options granted was calculated using a Black-Scholes valuation model with the following assumptions:

	September 30 2021	December 31 2020
Weighted average risk-free interest rate	0.68%	1.49%
Volatility of share price	80%	90%
Weighted average life of options (years)	5.1	5.2
Pre-vesting forfeiture rate	10%	10%
Weighted average fair value of awards (\$)	0.16	0.33

At September 30, 2021, the fair value of Share Options to be expensed is \$0.1 million (December 2020: \$0.1 million).

17. Loss per share

	3 months ended September 30		9 months ended September 30	
	2021	2020	2021	2020
Loss for the period attributable to owners of the parent	2,987	11,742	17,647	27,318
Weighted-average number of common shares (000's)	967,540	597,780	742,055	584,482
Basic and diluted loss per share	\$0.00	\$0.02	\$0.02	\$0.05

18. 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	2021	2022	2023	2024	2025	Thereafter
<i>Operating lease commitments</i>							
Rosia Montana exploitation license	640	256	256	128	-	-	-
Surface concession rights	964	10	32	32	32	32	826
Property lease agreements	24	24	-	-	-	-	-
Total commitments	1,628	290	288	160	32	32	826

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For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

19. Contingent Liabilities

The Company has a contingent liability in respect of a deferred fee agreement entered into in relation to certain ICSID Arbitration fees. Such deferred fees up to a limit of US\$3 million are payable within six months of issuance of an Award and are subject to a multiplier if such Award is made in favour of the Claimants above certain monetary thresholds. If the fees incurred under the deferred fee agreement amount to more than US\$3 million, then the Company is required to settle 50% of such fees as they are incurred with the balance being added to the deferred amount. The Company accrues fees as incurred within its current liabilities but not the potential additional fees payable under the deferred fee arrangement if the multiplier is applicable, since such fees cannot be determined prior to issuance of an Award. In accordance with the deferred fee agreement, the liability of the Company which would occur under certain Award scenarios would fall in the range of one to five times the fees actually incurred and deferred.

Notes to Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2021

(Unaudited and expressed in thousands of Canadian dollars, unless otherwise stated)

20. 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	
	2021	2020	2021	2020	2021	2020
For the three-month period ended September 30,						
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Loss						
Interest received	-	-	7	(5)	7	(5)
Finance costs-convertible notes accretion	-	-	-	2,389	-	2,389
Depreciation	6	6	1	4	7	10
Reportable segment loss	2,278	2,455	709	9,287	2,987	11,742
For the nine-month period ended September 30,						
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	-	-	(6)	(69)	(6)	(69)
Finance costs-convertible note accretion	-	-	5,234	7,281	5,234	7,281
Depreciation	18	19	6	12	24	31
Reportable segment loss	5,045	5,538	12,602	21,780	17,647	27,318
As at September 30,						
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets and assets classified as held for sale	2,372	4,671	4,988	7,167	7,360	11,838
Reportable segment non - current assets	288	336	582	670	870	1,006
Reportable segment liabilities	(1,111)	(478)	(4,786)	(90,084)	(5,897)	(90,562)

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