

# **Gabriel Resources Ltd.**

Unaudited Condensed Interim Consolidated Financial  
Statements  
For the period ended September 30, 2023

# Unaudited Condensed Consolidated Statements of Financial Position

As at September 30, 2023 and December 31, 2022  
(Expressed in thousands of Canadian dollars)

	Notes	September 30 2023	December 31 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	4,644	5,621
Other receivables	8	83	114
Prepaid expenses and supplies	9	389	425
<b>Total current assets</b>		<b>5,116</b>	6,160
<b>Non-current assets</b>			
Restricted cash	7	174	177
Property, plant and equipment		54	60
Loan receivable	14	511	538
<b>Total non-current assets</b>		<b>739</b>	775
<b>TOTAL ASSETS</b>		<b>5,855</b>	6,935
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	6,316	5,563
Resettlement liabilities	12	570	576
Other current liabilities	13	814	1,507
<b>Total current liabilities</b>		<b>7,700</b>	7,646
<b>TOTAL LIABILITIES</b>		<b>7,700</b>	7,646
<b>Deficit</b>			
Share capital	15	1,028,491	1,021,520
Other reserves		158,639	158,663
Currency translation adjustment		1,095	1,125
Accumulated deficit		(1,193,920)	(1,185,872)
<b>Accumulated deficit attributable to owners of the parent</b>		<b>(5,695)</b>	(4,564)
Non-controlling interest	16	3,850	3,853
<b>TOTAL DEFICIT</b>		<b>(1,845)</b>	(711)
<b>TOTAL DEFICIT AND LIABILITIES</b>		<b>5,855</b>	6,935

Going concern – Note 1

Contingent liabilities – Note 18

Approved by the Board of Directors

(Signed) “Anna El-Erian”

Anna El-Erian  
Director

(Signed) “Jeffrey Couch”

Jeffrey Couch  
Director

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

# Unaudited Condensed Consolidated Statements 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	
		2023	2022	2023	2022
<b>Expenses</b>					
Corporate, general and administrative	5	3,054	1,417	7,914	6,332
Share-based compensation expense / (reversal)	13	310	(30)	71	216
Depreciation		3	7	9	20
<b>Operating loss</b>		<b>3,367</b>	1,394	<b>7,994</b>	6,568
<b>Other (income) / expense</b>					
Interest		(43)	(37)	(74)	(41)
Gain on disposal of assets	6	-	-	-	(1,443)
Foreign exchange loss		41	64	128	15
<b>Loss for the period</b>	19	<b>3,365</b>	1,421	<b>8,048</b>	5,099
<b>Basic and diluted loss per share</b>	19	<b>\$0.00</b>	\$0.00	<b>\$0.01</b>	\$0.01

# Unaudited Condensed Consolidated Statements 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	
		2023	2022	2023	2022
<b>Loss for the period</b>		<b>3,365</b>	1,421	<b>8,048</b>	5,099
<i>Other comprehensive loss</i>					
<i>- may recycle to the Income Statement in future periods)</i>					
Currency translation adjustment		28	130	33	161
<b>Comprehensive loss for the period</b>		<b>3,393</b>	1,551	<b>8,081</b>	5,260
<b>Comprehensive loss for the period attributable to:</b>					
- Owners of the parent		3,392	1,526	8,078	5,229
- Non-controlling interest		1	25	3	31
<b>Comprehensive loss for the period</b>		<b>3,393</b>	1,551	<b>8,081</b>	5,260

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

# Unaudited Condensed Consolidated Statements of Changes in Shareholders' (Deficit) / Equity

For the nine-month period ended September 30

(Unaudited and expressed in thousands of Canadian dollars)

	Note	2023	2022
<b>Common shares</b>			
At January 1		1,021,520	1,014,492
Shares issued in private placement - net of issue costs	15	6,389	7,028
Shares issued on the redemption of DSUs	17	582	-
At September 30		1,028,491	1,021,520
<b>Other reserves</b>			
At January 1		158,663	158,540
Share-based compensation		(24)	118
At September 30		158,639	158,658
<b>Currency translation adjustment</b>			
At January 1		1,125	1,315
Currency translation adjustment		(30)	(137)
At September 30		1,095	1,178
<b>Accumulated deficit</b>			
At January 1		(1,185,872)	(1,178,134)
Loss for the period	19	(8,048)	(5,099)
At September 30		(1,193,920)	(1,183,233)
<b>Non-controlling interest</b>			
At January 1		3,853	3,888
Currency translation adjustment		(3)	(24)
At September 30		3,850	3,864
<b>Total shareholders' (deficit) / equity at September 30</b>		<b>(1,845)</b>	<b>1,987</b>

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

# Unaudited Condensed Consolidated Statements of Cash Flows

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

	Notes	2023	2022
<b>Cash flows used in operating activities</b>			
Loss for the period		(8,048)	(5,099)
Adjusted for the following non-cash items:			
Depreciation		9	20
Share-based compensation	13	71	216
Gain on disposal of land		-	(1,443)
Interest on loan receivable		(4)	(4)
Foreign exchange loss		43	38
		<b>(7,929)</b>	<b>(6,272)</b>
Changes in operating working capital:			
Increase in trade and other payables		777	5
Decrease other current liabilities		(206)	-
Decrease / (increase) in trade and other receivables		29	(376)
Decrease / (increase) in prepaid expenses and supplies		14	(15)
		<b>(7,315)</b>	<b>(6,658)</b>
<b>Cash flows from investing activities</b>			
Increase in advances received for LLTE disposal		-	1,716
Proceeds from sale of land		-	1,443
Repayment of loan receivable		31	31
Movement in restricted cash		-	13
Purchase of property, plant and equipment		(3)	(3)
		<b>28</b>	<b>3,200</b>
<b>Cash flows provided by financing activities</b>			
Proceeds from private placement	15	6,443	7,118
Private placement costs		(54)	(90)
		<b>6,389</b>	<b>7,028</b>
<b>(Decrease) / Increase in cash and cash equivalents</b>		<b>(898)</b>	<b>3,570</b>
<b>Effect of foreign exchange on cash and cash equivalents</b>		<b>(79)</b>	<b>127</b>
<b>Cash and cash equivalents - beginning of period</b>		<b>5,621</b>	<b>3,291</b>
<b>Cash and cash equivalents - end of period</b>		<b>4,644</b>	<b>6,988</b>

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

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 1. Nature of operations and going concern

### *Nature of operations*

Gabriel Resources Ltd. (“**Gabriel**” or the “**Company**”) is a Canadian 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 Roșia Montană gold and silver project (the “**Project**”) in Romania. The exploitation license for the Project (“**License**”) is held by Roșia 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 Roșia 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 in defining two valuable mineral deposits at the Rodu-Frasin (epithermal gold and silver) site and the Tarnița (porphyry copper-gold) site, both within the Bucium area located in the vicinity of Roșia 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, 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.

Accordingly, these unaudited 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.

### *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 the loss and damage suffered by the claimants resulting from the breaches of the Treaties’ protections.

The ICSID Arbitration process is well advanced, and the Claimants and the Romanian State (“**Respondent**”) (together “**Parties**”) await a final decision to be rendered by the presiding arbitral tribunal (“**Tribunal**”) in the ICSID Arbitration proceedings (an arbitral award (“**Award**”). To date, and in accordance with the procedural timelines established by the Tribunal, the Parties have filed a large number of written submissions and participated in two hearings on the merits of the claim. Key milestones in the ICSID Arbitration have been disclosed at length in Gabriel’s prior quarterly and annual filings. In the 2023 year to date such milestones include:

- On November 8, 2022, the Tribunal invited the Parties to confer and agree on a schedule for the exchange of their cost statements, which were filed with the Tribunal by the Parties simultaneously in two rounds of submissions on December 16, 2022 and January 6, 2023.
- On May 30, 2023, the Tribunal informed the Parties that it had received a request from certain non-governmental organizations (or ‘non-disputing parties’) who have opposed the Project for many years. (“**NGO Amici**”) for leave to add a further submission to the record of the case. Following representations from the Parties, the Tribunal rejected the NGO Amici’s request on June 27, 2023.
- On July 14, 2023, a Romanian citizen submitted an application to introduce a further non-disputing party submission to the record which was dismissed by the Tribunal as inadmissible.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

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

As at the date of this document the Tribunal is yet to render an Award. On September 14, 2023, the President of the Tribunal advised the Parties that the proceedings had been closed in accordance with Rule 38(1) of the ICSID Arbitration Rules. According to Rule 46 of the ICSID Arbitration Rules, the Tribunal must issue its final decision to the parties within 120 days of the closure of the proceedings, i.e., on or before January 12, 2024. However, the Tribunal is permitted to take a further 60 days if it is otherwise unable to draw up the Award in such timeframe. Accordingly, there is no certainty as to when the written Award will be issued within this 180-day period.

Any Award may be subject to a request for annulment by either Party (albeit such annulment application can only be made on very limited grounds under the ICSID Convention). If an Award concludes that Romania has breached the Treaties and is required to pay compensation to the Claimants, the Company will take appropriate steps to enforce and recover such an Award and to defend any annulment proceedings brought by Romania. In such circumstances, there is no guarantee that the enforcement and recovery of an Award will be successful and it may present material challenges, require significant funding and take a number of years.

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.

### *Going concern*

The 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 normal course of operations for the foreseeable future.

On June 8, 2023, the Company completed a non-brokered private placement (the "**2023 Private Placement**") of 24,782,212 Common Shares at a price of \$0.26 each for gross proceeds of US\$4.75 million (approximately \$6.4 million).

On the basis of the Company's balance of cash and cash equivalents as at September 30, 2023 taking into account (i) a fee agreement in respect of the deferral of payment of certain ICSID Arbitration costs (see note 18); and (ii) the deferral of a portion of salary and fees for certain employees and directors (see also note 18), the Company believes that it has sufficient cash necessary to fund general working capital requirements together with the material estimated costs associated with advancing the ICSID Arbitration through to the end of December 2023.

At that time the Tribunal may not have yet issued its decision. Accordingly, post December 2023, Gabriel will require further funding in order 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) and for general working capital purposes, including to preserve its remaining assets, such as its License and associated rights and permits.

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 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.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

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

### *Registered office*

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 Company is the ultimate parent of the Group and does not have any controlling shareholders.

## 2. Basis of preparation

The Condensed Financial Statements are prepared according to the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as outlined by International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board. They do not include all the information required for a complete set of annual financial statements prepared in accordance with IFRS, and therefore should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2022 ("2022 Financial Statements"). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since December 31, 2022.

A number of amended standards became effective from January 1, 2023. The Company was not required to change the accounting policies or make retrospective adjustments as a result of adopting these standards.

## 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. 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. Actual results could differ from those estimates and assumptions. Apart from the estimates and assumptions used in determining the date at which existing cash reserves will be exhausted (impacted by, among other things, the timing of any Award), the significant estimates and assumptions are not materially different from those disclosed in the 2022 Financial Statements.

## 4. Significant accounting policies

The accounting policies applied in the Condensed Financial Statements are the same as those applied in the 2022 Financial Statements and have been consistently applied to all the years presented.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 5. Corporate General and Administrative expenses

<i>in thousands of Canadian dollars</i>	3 months ended September 30		9 months ended September 30	
	2023	2022	2023	2022
Payroll	860	529	2,590	2,467
ICSID Arbitration related	1,182	35	2,009	1,033
Finance, audit, accounting and compliance	296	118	1,066	706
Property taxes	183	154	551	479
Project obligations and community relations*	146	139	457	436
Legal	36	97	242	247
Travel and transportation*	80	85	254	260
Information technology	72	84	203	198
Office rental and utilities	38	32	138	153
External communications	7	6	26	17
Other	154	138	378	336
Corporate, general and administrative expense	<b>3,054</b>	1,417	<b>7,914</b>	6,332

\*Included in these balances are expenses incurred with related parties (see note 14 for detail).

## 6. Sale of Recea Land

On February 25, 2022, RMGC concluded a definitive sale and purchase agreement for the sale of 93 plots of land and a small number of buildings owned by RMGC in the Recea resettlement neighborhood of Alba Iulia (“Recea Land”). The agreed sale price was 1,000,000 EUR (approx. \$1.44 million). A gain on disposal of \$1.44 million was recognised in Q1 2022 as the Recea Land was held at nil book value on the balance sheet of the Company.

## 7. Cash and cash equivalents and restricted cash

As at	September 30	December 31
	2023	2022
Cash and cash equivalents	4,644	5,621
Restricted cash	174	177
	<b>4,818</b>	5,798

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 generated outside of Romania and only transferring money from its corporate office to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks. At September 30, 2023, the Group held \$0.1 million in unrestricted cash and cash equivalents in Romanian banks (December 31, 2022: \$0.2 million).

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

Cash balances are held in the following currencies:

	September 30	December 31
	2023	2022
Canadian dollar	1,715	2,248
United States dollar	2,385	2,634
UK pound sterling	448	587
Romanian Leu	96	152
Romanian Leu (restricted cash)	174	177
	<b>4,818</b>	5,798

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 8. Other receivables

Other receivables of \$0.1 million at September 30, 2023 (December 31, 2022: \$0.1 million) is comprised of group VAT receivable at the period end.

## 9. Prepayments

	<b>September 30</b>	December 31
	<b>2023</b>	2022
Corporate insurance	190	96
Mining tax	71	288
Property tax	95	-
Other	33	41
	<b>389</b>	425

## 10. Property, plant and equipment

Property plant and equipment consists of office equipment, vehicles and right of use assets with a carrying value of \$0.1 million (December 31, 2022: \$0.1 million).

## 11. Trade and other payables

	<b>September 30</b>	December 31
	<b>2023</b>	2022
As at		
Trade payables	197	216
Payroll liabilities	383	350
Accruals and other payables	5,736	4,997
	<b>6,316</b>	5,563

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. Accruals and other payables principally reflect the levels of work performed in relation the ICSID Arbitration leading up to the balance sheet dates and the related accrued costs, including advancement of pre and post Award strategic initiatives and \$4.5 million (December 31, 2022: \$4.4 million) due under a fee agreement in respect of certain ICSID Arbitration costs incurred before an Award with payment deferred until a period of up to six months after an Award is issued (see Note 18 Contingent Liabilities below).

Trade and other payables represent liabilities incurred in the following currencies:

	<b>September 30</b>	December 31
	<b>2023</b>	2022
As at		
UK pound sterling	200	154
Canadian Dollar	319	213
United States dollar	4,522	4,578
Euro	717	56
Romanian Leu	558	562
	<b>6,316</b>	5,563

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 12. 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, 2023 was \$0.5 million (December 31, 2022: \$0.5 million).

## 13. Other current liabilities

	DSUs (000's)	Average price per common share (dollars)	Value (\$000)
<b>Balance - December 31, 2021</b>	<b>4,320</b>	<b>0.20</b>	<b>842</b>
Granted	388	0.22	84
Change in fair value	-	-	581
<b>Balance - December 31, 2022</b>	<b>4,708</b>	<b>0.32</b>	<b>1,507</b>
Redeemed	(2,858)	-	(787)
Change in fair value	-	-	94
<b>Balance - September 30, 2023</b>	<b>1,850</b>	<b>0.44</b>	<b>814</b>

The Company has a deferred share unit (“DSU”) plan under which qualifying participants receive certain compensation in the form of DSUs. From July 1, 2016, until March 31, 2022, certain Company non-executive directors elected to receive up to 100 per cent. of their director fees payable in DSUs. From April 1, 2022, this arrangement has been discontinued.

In July 2023 2.1 million DSUs were redeemed for shares and 0.7 million DSUs were redeemed for cash following the resignation of the holders from the boards of two of the Group’s subsidiary companies.

As at September 30, 2023, the Company’s share price had increased to \$0.44 from \$0.32 at December 31, 2022 and, accordingly, a fair value increase of \$0.1 million has been recorded in the DSU liability.

## 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) In July 2015, the Company entered into a services agreement with SC Total Business Land SRL (“TBL”), a Romanian entity controlled by current and former employees of RMGC, including the current CEO of Gabriel. TBL was set up after Gabriel entered into the ICSID Arbitration with a business purpose to provide specialized services to the Romanian market – for example archaeology, land planning and surveying, permitting, environmental assessment, and digital services. The incorporation of TBL enabled the Gabriel group to significantly reduce its cost base whilst maintaining compliance with its License obligations. The services agreement with TBL is terminable by each party with 30 days’ notice and is for the provision of certain manpower to RMGC, primarily to conduct real estate maintenance on RMGC owned land and buildings, preservation of historical buildings, underground works, document management and other administration work. For the nine-month period ended September 30, 2023 such charges amounted to approximately \$0.1 million (September 30, 2022: approximately \$0.1 million).

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 14. Related party transactions (continued)

- (b) In December 2015 RMGC entered into an agreement with TBL to let office space in Alba Iulia for a fixed rate. In March 2020 RMGC entered into a further agreement with TBL to sub-let office space in Bucharest and to recharge applicable rent and utilities costs. This agreement is terminable by each party with 30 days' notice. For the nine-month period ended September 30, 2023 such recharges by RMGC amounted to less than \$0.1 million (September 30, 2022: less than \$0.1 million).
- (c) In June 2018, the Company entered into a facility agreement with TBL 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, 2021, 2022 and 2023. The balance of the loan at September 30, 2023 was \$0.5 million (December 31, 2022: \$0.5 million)
- (d) In August 2018 TBL entered into a lease agreement with RMGC for a number of vehicles owned by TBL to be used by RMGC in its operations. The agreement was amended in October 2020 to decrease the number of vehicles in line with the severance of certain RMGC employees. The agreement also provides the recharge of tax, insurance and maintenance related costs incurred by TBL to RMGC. The term of the lease is 12 months. For the nine-month period ended September 30, 2023 the charges amounted to less than \$0.1 million (September 30, 2022: less than \$0.1 million).

In the following table "Key Management" represents all non-executive directors and executive officers of the Company. The compensation paid or payable to Key Management is as follows:

	3 months ended September 30		9 months ended September 30	
	2023	2022	2023	2022
Salaries and other short-term employee benefits <sup>(1)(2)</sup>	254	253	760	898
Directors' fees <sup>(2)</sup>	82	82	247	198
DSUs <sup>(3)</sup>	-	-	-	84
Share options <sup>(3)</sup>	-	-	-	55
<b>Total</b>	<b>336</b>	<b>335</b>	<b>1,007</b>	<b>1,235</b>

<sup>(1)</sup> Salaries and other benefits reflect compensation due and payable for the time period those personnel held a position of director or officer during each year. Consequently, changes in such personnel may affect the comparator.

<sup>(2)</sup> Officers and Directors salaries are net of a 20% deferral, as described fully in note 19.

<sup>(3)</sup> DSUs and Share options represent compensation paid to non-executive directors and are stated as the fair value as at the date of grant of the instrument.

## 15. Share capital

- (a) On June 29, 2022, the Company announced it had completed closing of a non-brokered private placement of 33,105,117 Common Shares at a price of \$0.215 per Common Share to raise gross proceeds of US\$5.6 million, approximately \$7.1 million.
- (b) On June 8, 2023, the Company announced it had completed closing of a non-brokered private placement of 24,782,212 Common Shares at a price of \$0.26 per Common Share to raise gross proceeds of US\$4.75 million, approximately \$6.4 million.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 15. Share capital (continued)

### 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 <sup>1</sup>
<b>Balance - December 31, 2021</b>	<b>967,540</b>	<b>1,014,492</b>
Shares issued in private placement	33,105	7,028
<b>Balance - December 31, 2022</b>	<b>1,000,645</b>	<b>1,021,520</b>
Shares issued on the redemption of DSUs	2,092	582
Shares issued in private placement	24,782	6,389
<b>Balance - September 30, 2023</b>	<b>1,027,519</b>	<b>1,028,491</b>

<sup>1</sup> - 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, 2023, along with their exercise prices, is as follows:

<b>Expiry date</b>	<b>Number of warrants</b>	<b>Exercise price (dollars)</b>
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

There has been no movement in the number of warrants outstanding since June 2021

### 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.

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 Consolidated Statement of Comprehensive Loss

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 15. Share capital (continued)

### Share Options

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)
0.195 - 0.30	3,048	0.25	6.8	3,048	0.25	6.8
0.31 - 0.40	12,860	0.36	4.2	12,085	0.36	4.3
0.41 - 0.50	10,529	0.45	5.3	10,529	0.45	5.3
0.51 - 0.60	88	0.57	6.0	88	0.57	6.0
0.61 - 0.70	481	0.65	2.9	481	0.65	2.9
0.71 - 0.80	5,000	0.79	0.3	5,000	0.79	0.3
	32,006	0.45	4.2	31,231	0.45	4.2

Movements in the number and exercise price of Director, officer, employee and consultant Share Options were as follows:

	Number of options ('000)	Weighted average exercise price (dollars)
<b>Balance - December 31, 2021</b>	<b>32,997</b>	<b>0.45</b>
Options granted	418	0.21
<b>Balance - December 31, 2022</b>	<b>33,415</b>	<b>0.45</b>
Options expired	(1,410)	0.39
<b>Balance - September 30, 2023</b>	<b>32,005</b>	<b>0.45</b>

During the nine-month period ended September 30, 2023, no Share Options were granted. In the corresponding nine-month period ended September 30, 2022, 418,236 Share Options were granted to directors related to payment for services in Q4 2021 and Q1 2022.

During the nine-month period ended September 30, 2023 1,409,583 Share Options expired. In the corresponding nine-month period ended September 30, 2022 no Share options expired.

At September 30, 2023, the fair value of Share Options yet to be expensed is \$0.1 million (December 31, 2022: \$0.1 million).

## 16. Non-controlling interest

	Rosia Montana Gold Corporation S.A.
<b>Balance - December 31, 2021</b>	<b>3,888</b>
Currency translation adjustment	(35)
<b>Balance - December 31, 2022</b>	<b>3,853</b>
Currency translation adjustment	(3)
<b>Balance - September 30, 2023</b>	<b>3,850</b>

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

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## 16. Non-controlling interest (continued)

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, 2023, are non-interest bearing and according to their terms are to be repaid as and when RMGC distributes dividends to its shareholders.

Further to the loans noted above, 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 for 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.

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 made possible.

## 17. Commitments

The following is a summary of contractual commitments of the Group including payments due for each of the next five years and thereafter.

	Total	2023	2024	2025	2026	2027	Thereafter
<i>Operating lease commitments</i>							
Rosia Montana exploitation license	141	141	-	-	-	-	-
Surface concession rights	936	10	33	33	33	33	794
Property lease agreements	28	28	-	-	-	-	-
<b>Total commitments</b>	<b>1,105</b>	<b>179</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>794</b>

- Under the terms of the License, an annual fee is required to be paid to maintain the License in good standing. The current annual fee is approximately \$0.3 million. These fees are indexed annually by the Romanian Government until expiry, which is currently June 2024, subject to further prospective five year renewal periods.
- RMGC has approximately 40 years remaining on concession agreements with the Local Councils of Roşia Montană and Abrud by which it is granted exploitation rights to property located on and around one of the Project's proposed open pits for an annual payment of approximately \$33,000 (Romanian Leu equivalent).
- The Group has entered into agreements to lease premises for various periods. The annual rent of premises consists of minimum rent plus taxes, maintenance and, in certain instances, utilities.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 18. Contingent Liabilities

The Company has a number of contingent liabilities which may accrue on the issuance and/or recovery of an Award, namely:

- (i) in respect of an agreement to defer certain professional fees incurred and to be incurred in connection with the execution of the ICSID Arbitration. Such fees up to a limit of US\$3 million are to be deferred in full. Any fees incurred under the deferred fee agreement in excess of US\$3 million are required to be settled by the Company 50% as they are incurred, with the balance being added to the deferred amount. All deferred fees 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. 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.
- (ii) in respect of 95,625 arbitration value rights (“AVRs”), comprising:
  - a. 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 Award irrevocably made in its favour, subject to a maximum aggregate entitlement of \$175 million among all holders of such AVRs; and
  - b. 40,625 AVRs entitling the holders to a pro rata share of 5.54% of any proceeds arising from any Award, subject to a maximum aggregate entitlement of \$129.3 million among all holders of such AVRs.
- (iii) in respect of the key employee engagement plan (“KEEP”), an arbitration-focused retention and incentive program established by the Company in 2016. Its aim is to ensure the long-term participation and incentivization of the Group’s personnel, including its executive management, employees, non-executive directors and other contributors in pursuing the ICSID Arbitration through to a successful recovery. The KEEP is a trust established by the Claimants, as settlors, pursuant to a trust agreement dated July 2016, as amended. Subject to its terms and conditions, the KEEP provides that in the event that an Award is made in favor of, or a settlement is accepted by, Gabriel in connection with the ICSID Arbitration proceedings, the Claimants will make a cash payment, or procure the cash payment, to the KEEP trust. Such payment will be made following receipt of the proceeds awarded to the Claimants (inclusive of any non-monetary consideration) and subject to the payment of any taxes, payable or required to be withheld by the Claimants or by law, in an amount of cash equal to: (i) 7.5% of the first US\$500 million of the proceeds; and (ii) 2.5% of any amount of proceeds in excess of US\$500 million.
- (iv) in June 2017, Gabriel entered into a settlement and release agreement to resolve a contractual dispute with a third-party agent regarding a contested obligation to pay certain commission to such agent (the “Settlement Agreement”). Pursuant to the terms of the Settlement Agreement, the Company is obligated to pay to the agent a fee based upon the receipt of funds paid by the Respondent to the Company in relation to the ICSID Arbitration claim, if any, up to a maximum amount of US\$1.74m, within 90 days of receipt of such funds.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 18. Contingent Liabilities (continued)

- (v) certain employees of the Group have agreed to accept a 20% reduction in their base salary effective as of February 1, 2022. (“Deferred Salary”). The Company has a contingent liability to pay to each such employee an amount equal to 150% of the aggregate accumulated amount of their respective Deferred Salary within 60 days of receipt of any monies received by the Company and/or any of its affiliates pursuant to any settlement or Award irrevocably made in its favor in relation to the ICSID Arbitration claim that is sufficient to satisfy and discharge the aggregate accumulated Deferred Salary in full. Similarly, with effect from April 1, 2022, the directors have agreed to defer 20% of their fees due on the same basis.

## 19. Loss per share

	3 months ended September 30		9 months ended September 30	
	2023	2022	2023	2022
Loss for the period attributable to owners of the parent	3,365	1,421	8,048	5,099
Weighted-average number of common shares (000's)	1,027,298	1,000,645	1,011,665	980,194
Basic and diluted loss per share	\$0.00	\$0.00	\$0.01	\$0.01

As at September 30, 2023, the Company had 1,025,427,517 common shares in issue. While the Company is in a loss-making position, the effect of further potential share issuances under Share Options, DSUs and warrants of 237,533,183 common shares in aggregate would be anti-dilutive. Diluted loss per share is therefore deemed to be the same as basic loss per share.

## 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	
	2023	2022	2023	2022	2023	2022
<b>For the three-month period ended September 30,</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Reportable items in the Condensed Consolidated Income Statement and Comprehensive Loss</b>						
Interest received	-	-	(43)	(37)	(43)	(37)
Depreciation	2	7	1	1	3	7
Reportable segment loss	2,098	506	1,267	915	3,365	1,421
<b>For the nine-month period ended September 30,</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income</b>						
Interest received	-	-	(74)	(41)	(74)	(41)
Depreciation	8	19	1	1	9	20
Reportable segment loss	3,362	1,196	4,686	3,903	8,048	5,099
<b>As at September 30,</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Reportable segment in Condensed Consolidated Statement of Financial Position</b>						
Reportable segment current assets and assets classified as held for sale	286	3,011	4,830	7,149	5,116	10,160
Reportable segment non-current assets	222	226	517	539	739	765
Reportable segment liabilities	(1,126)	(1,117)	(6,574)	(7,821)	(7,700)	(8,938)

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## 21. Financial instruments

The recorded amounts for cash, cash equivalents, short-term investments, accounts receivable, accounts payable, accrued liabilities and other liabilities approximate fair values based on the nature of those instruments. The Group's risk exposures and the impact on the Group's financial instruments are summarized below:

### ***Credit risk***

The Group's credit risk is primarily attributable to cash and cash equivalents that are held on short-term overnight deposit with the major Canadian banks.

The Group is exposed to the credit risk of domestic Romanian banks that hold and disburse cash on behalf of its Romanian subsidiary. The Group manages its Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources generated outside of Romania at the corporate office and only transferring money to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks.

The Group holds limited cash balances in the United Kingdom with a major UK bank to fund corporate activities.

### ***Liquidity risk***

As at June 30, 2023 the Group had no sources of operating cash flows and does not have sufficient cash to fund either the development of the Project or all the long-term activities required to see the ICSID Arbitration through to its conclusion, including enforcement. As such, the Company will require additional future funding as discussed in Note 1.

### ***Market risk***

#### (a) Interest rate risk

The Group maintains a short-term investment horizon, typically less than 3 months, for its cash and cash equivalents.

The Group is only marginally exposed to capital erosion should interest rates rise and cause fixed yield investments to devalue.

The Group's primary objective with respect to cash and cash equivalents is to mitigate credit risk. The Group has elected to forego yield in favour of capital preservation.

#### (b) Foreign currency risk

The Group's functional and presentation currency is the Canadian dollar and its activities expose it to fluctuations in foreign exchange rates. The Group has monetary assets and liabilities denominated in Romanian Leu, US dollars, UK pounds sterling and Euros and is, therefore, subject to exchange variations against both the functional and presentation currency.

The Group maintains cash and cash equivalents in various currencies and is therefore susceptible to market volatility as foreign cash balances are revalued to the functional currency of the entity and thereafter to the presentation currency of the Group. Therefore, the Group may report foreign exchange gains or losses during periods of economic and market volatility. The Group currently endeavours to keep the majority of its cash, cash equivalents, and short-term investments in United States dollars and Canadian dollars.

# Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2023

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

## **Financial instruments**

The Group's financial assets consist of cash and cash equivalents; the estimated fair value is considered to approximate the carrying value. The Group's financial liabilities consist of trade and other payables, and resettlement liabilities, which are at amortized cost, and other liabilities which are fair valued through profit and loss (Notes 11-13).

The following table illustrates the classification of the Group's financial instruments, which are measured at fair value on a recurring basis, within the fair value hierarchy as at September 30, 2023:

<b>Financial assets and liabilities at fair value as at September 30, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	4,818	-	-	<b>4,818</b>
Other liabilities	814	-	-	<b>814</b>
	<b>5,632</b>	-	-	<b>5,632</b>

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by the stated valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

## **Sensitivity analysis**

As of September 30, 2023, the carrying amount of the financial instruments equals fair market value. Based on Management's knowledge and experience of the financial markets, the Company believes, based on its balance of cash and cash equivalents as at September 30, 2023, the following movements are "reasonably possible" over a twelve-month period:

- Cash and cash equivalents. A plus or minus 1% change in earned interest rates would affect net interest income by less than \$0.1 million. The Group holds foreign currency balances, giving rise to exposure to foreign exchange risk. A plus or minus 1% change in exchange rates would affect net income by less than \$0.1 million.