



GABRIEL  
*Rosia Montana*  
IN PARTNERSHIP

## PRESS RELEASE

FOR IMMEDIATE RELEASE

TSX Trading Symbol: GBU

May 26, 2014

### Private Placement to raise C\$40 million

Gabriel Resources Ltd. ("Gabriel" or the "Company") announces that it has entered into a non-brokered private placement with a number of existing investors for the issue of 40,000 units (the "Units") at a price of C\$1,000 per Unit to raise aggregate gross proceeds of C\$40 million (the "Private Placement").

Each Unit consists of (i) C\$1,000 principal amount of convertible subordinated unsecured notes with a coupon of 8% (the "Notes"); (ii) 398 common share purchase warrants (the "Warrants"); and (iii) one arbitration value right (the "Arbitration Value Right").

The Company intends to use the proceeds of the Private Placement for general corporate purposes, including the continuance of its efforts to successfully permit its 80.69% owned Rosia Montana gold and silver project ("Project") in Romania.

The Notes will mature on June 30, 2019. The Notes will be convertible at any time prior to maturity, at the option of the holder, into common shares of the Company ("Shares") at a price of C\$1.255 per Share. This represents a premium of 35% to the volume-weighted average closing price of the Shares on the Toronto Stock Exchange ("TSX") for the thirty days prior to May 23, 2014 ("Transaction Share Price"). Interest on the Notes is 8% per annum, payable semi-annually.

Each Warrant will entitle the holder to acquire one Share at an exercise price of C\$1.674, representing an 80% premium to the Transaction Share Price, at any time prior to June 30, 2019.

Each Arbitration Value Right will entitle the holder, subject to certain limitations and exclusions, to a pro-rata proportion of up to 5% of any monies received by the Company and/or any of its affiliates (net of taxes, expenses and other deductions) pursuant to any settlement or arbitral awards irrevocably made in its favour in connection with any arbitration proceedings in respect of the Project instituted prior to June 30, 2019 under a bi-lateral investment treaty between Romania and any other country. The aggregate entitlement of all Arbitration Value Rights issued pursuant to the Private Placement is capped at C\$130 million. The Company will retain absolute discretion on whether to institute arbitration proceedings and, if an arbitration filing is made, whether to settle or withdraw such filing, including the terms of any settlement or withdrawal.

The Private Placement has been fully subscribed by certain existing shareholders of the Company, including shareholders who are deemed insiders as they exercise control and direction over 10% or more of the issued and outstanding Shares of the Company immediately prior to the closing of the Private Placement. Assuming full dilution on conversion of the Notes and exercise of the Warrants to be issued pursuant to the Private Placement, the Private Placement will comprise an increase of approximately 12.4% in the issued and outstanding Shares of the Company. Upon the closing of the Private Placement, and on the same full dilution basis, such insiders of the Company will hold approximately 46.3% of all of the issued and outstanding Shares, compared to 46.2% prior to the Private Placement.

Subject to certain conditions, investors purchasing at least \$5 million of Units and who hold at least 9% of the issued and outstanding Shares immediately following completion of the Private Placement will be granted the right to participate in future equity security issuances of the Company on a pro-rata basis in order to maintain their proportionate ownership interest in the Company.

The issuance and sale of Units is expected to close on May 30, 2014 or such other date as agreed to by the Company and the investors. Closing of the Private Placement is also conditional upon the execution of definitive documentation with respect to the Private Placement and upon satisfaction of customary closing conditions and deliveries, including receipt of all required regulatory approvals including the approval of the TSX.

Jonathan Henry, Gabriel's President and Chief Executive Officer, stated:

*"Gabriel remains fully committed to constructing and operating a mine at Rosia Montana and for all stakeholders to capitalise upon the significant value it has created for Romania through the successful exploration and development of Europe's largest gold deposit. We are pleased that our existing shareholders continue to demonstrate their support in this objective through their participation in the Private Placement we have announced today. Without the Company's ability to pursue its long term commitment to the people of Romania, Rosia Montana will remain beholden to the legacy of a state mining area with high pollution and major unemployment issues with little prospect of major investment.*

*"The Company's past conduct has demonstrated that its overriding wish is to partner the State of Romania in developing a world-class and sustainable mining project. It is the Company's intention to proceed with the Project provided that the Romanian Government is willing to observe the international investment protection treaty obligations it has undertaken, including to provide fair and equitable and non-discriminatory treatment as it assesses the merits of the Project and, in particular, administers the environmental permitting process. To that end, the Company has entered into the Private Placement to fund progress on the Project beyond 2014, including the activities necessary to secure all outstanding permits."*

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## About Gabriel

Gabriel is a Canadian TSX-listed resource company focused on permitting and developing its world-class Roşia Montană gold and silver project. The exploitation license for the Project, the largest undeveloped gold deposit in Europe, is held exclusively by Roşia Montană Gold Corporation, a Romanian company in which Gabriel currently owns an 80.69 percent equity interest, with the 19.31 percent balance held by Minvest Roşia Montană S.A., a Romanian state-owned mining enterprise. Gabriel and RMGC are committed to responsible mining and sustainable development in the communities in which they operate. The Project is anticipated to bring over US\$24 billion (at US\$1,200/oz gold) to Romania as potential direct and indirect contribution to GDP. The Project will generate thousands of employment opportunities. Gabriel intends to build a state-of-the-art mine using best available techniques and implementing the highest environmental standards whilst preserving local and national cultural heritage in Romania.

For more information please visit the Company's website at [www.gabrielresources.com](http://www.gabrielresources.com).

## Forward-looking Statements

This press release contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of Gabriel's operating environment.

These forward-looking statements may include statements with respect to the future financial or operating performance of the Company and its subsidiaries, the perceived merit of properties, exploration results and budgets, mineral reserves and mineral resources estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company's plans and expectations relating to the Project, the anticipated outcomes of the application processes for permits, endorsements and licenses, including but not limited to the ongoing review of the environmental impact assessment, required for the Project, or other statements that are not statements of fact.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect.

Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiaries to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, without limitation, the political and economic risks of operating in Romania, including those related to the failure of the Corporation to satisfy the conditions of the Private Placement or otherwise close the Private Placement, controls, regulations, political or economic developments and government instability in Romania; uncertainty of estimates of capital costs, sustaining capital costs, operating costs, production and economic returns; permitting risks, including the risk that permits and governmental approvals necessary to develop and operate the Project will not be available on a timely basis or at all, risks of maintaining the validity and enforceability of necessary permits and risks of replacing expired/cancelled permits and approvals; uncertainties relating to the assumptions underlying the Company's mineral resource and mineral reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs; risk related to the acquisition of all necessary surface rights for the development of the Project, including the risk that the Company may not acquire all such rights, or acquire such rights at acceptable prices; risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities; risks of defective title to mineral property, including the risk of successful legal challenges to the validity of the Company's exploitation license; risks related to the Company's ability to finance the development of the Project through external financing, strategic alliances, or otherwise; litigation risks, including the uncertainties inherent in current and future legal challenges relating to the Project; risks related to the availability of infrastructure, water, energy and other inputs; uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and the possibility that decisions may be reversed on appeal; uncertainties relating to prices for energy inputs, labour, material costs, supplies and services (including, but not limited to, labour, cement, steel, capital equipment, reagents and fuel); risks related to changes in law and regulatory requirements, including environmental regulation; risks related to the subjectivity of estimating mineral resources and mineral reserves and the reliance on available data and assumptions and judgments used in interpretation of such data; risks related to currency fluctuations, particularly in the value of the United States dollar and/or the Canadian dollar relative to each other and to the Euro and the Romanian leu; risks related to the future market prices of gold and silver and other mineral and commodity price fluctuations, and volatility in metal prices; risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto; risks associated with maintaining substantial levels of indebtedness, including potential financial constraints on operations; dependence on cooperation of state-owned joint venture partner in the development of the Project; risks related to the loss of key employees and the Company's ability to attract and retain qualified management and technical personnel; risks related to market events and volatility of global and local economic climate; taxation, including change in tax laws and interpretations of tax laws; mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in development, construction or production; risks related to opposition to the Project from non-governmental organizations or civil society; share capital dilution and share price volatility; and increased competition in the mining industry.

Forward-looking information contained herein is made as of the date of this press release. There can be no assurance that forward-looking information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. Accordingly, for the reasons set forth above, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

**ENDS**