



GABRIEL
Rosia Montana
IN PARTNERSHIP

ANNUAL INFORMATION FORM
of
GABRIEL RESOURCES LTD.

FOR THE YEAR ENDED DECEMBER 31, 2012

DATED AS OF MARCH 14, 2013

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PRELIMINARY NOTES

Cautionary Note regarding Forward-Looking Statements

This Annual Information Form contains "forward-looking information" (also referred to as "forward-looking statements") which may include, but is not limited to, statements with respect to the future financial or operating performance of Gabriel Resources Ltd., its subsidiaries and its projects (including the Rosia Montana gold and silver project in Romania, the expected outcomes of the application processes for or reviews of permits, endorsements and licenses, including without limitation the ongoing review of the environmental impact assessment for the Rosia Montana project, legal challenges associated with the project, the future price of gold, the estimation of Mineral Reserves and Mineral Resources, the realization of Mineral Reserve estimates, mine life, the timing and amount of estimated future production, ore recovery rates, revenues, margins, costs of production, capital, operating and exploration expenditures, costs and timing of development and construction, costs and timing of future exploration, the timing for delivery of plant and equipment, requirements for additional capital, foreign exchange risk, government and European Union regulations of mining and exploration operations, other risk factors including environmental risks, rehabilitation, reclamation and closure expenses, title disputes or claims, financial guarantees, insurance coverage and the timing and possible outcome of pending permitting, litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "hopes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information involves and is subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gabriel Resources Ltd. and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations which prove to be inaccurate; fluctuations in the value of the United States dollar ("US dollar" or "US\$") and/or the Canadian dollar relative to each other and to the Euro ("EURO" or "€") and Romanian new leu, the official currency of Romania, ("RON"); future prices of gold and other metals; changes to the cost of inputs (including, but not limited to, labour, cement, steel, capital equipment, reagents and fuel); possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or slowdowns and other risks of the mining industry; climatic conditions; political instability, insurrection or war; arbitrary decisions by governmental authorities; delays in obtaining governmental approvals or financing or in the completion of land acquisition, development or construction activities, as well as those factors discussed in the section entitled "*Risk Factors*" in Part V of this Annual Information Form.

Although Gabriel Resources Ltd. has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this Annual Information Form and, unless required by law, Gabriel Resources Ltd. disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. 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, readers should not place undue reliance on forward-looking statements.

Cautionary Note to United States Investors regarding Estimates of Measured, Indicated and Inferred Mineral Resources

This Annual Information Form uses the terms "measured", "indicated" and "inferred" Mineral Resources. United States investors are advised that while such terms are recognised and required by Canadian securities regulations, the United States Securities and Exchange Commission does not recognise them. "Inferred mineral resources" have a greater amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under applicable Canadian securities laws, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **Investors are cautioned not to assume that all or any part of measured or indicated Mineral Resources that are not already classified as Mineral Reserves will ever be converted into Mineral Reserves. Investors are also cautioned not to assume that all or any part of an inferred Mineral Resource exists, or is economically or legally mineable.**

Currency and Exchange Rates

All dollar amounts in this Annual Information Form are expressed in Canadian dollars unless otherwise indicated. Gabriel Resources Ltd.'s accounts are maintained in Canadian dollars.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in US dollars, EUROS and RON in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into US dollars, EUROS and RON.

<u>One Canadian dollar in US\$</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rate at end of period.....	1.0051	0.9833	1.0054
Average rate for period	1.0004	1.0111	0.9709
High for period	1.0299	1.0583	1.0054
Low for period	0.9599	0.9430	0.9278

The noon rate of exchange on March 12, 2013, as reported by the Bank of Canada for the conversion of Canadian dollars into US dollars, was Canadian \$1.00 equals US\$0.9752.

<u>One Canadian dollar in EUROS</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rate at end of period.....	0.7623	0.7580	0.7508
Average rate for period	0.7782	0.7264	0.7320
High for period	0.8228	0.7784	0.8014
Low for period	0.7437	0.6991	0.6637

The noon rate of exchange on March 12, 2013, as reported by the Bank of Canada for the conversion of Canadian dollars into Euro, was Canadian \$1.00 equals €0.7490.

<u>One Canadian dollar in RON</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rate at end of period.....	3.3898	3.2669	3.2103
Average rate for period	3.4672	3.0771	3.0794
High for period	3.7879	3.3179	3.4317
Low for period	3.2373	2.8868	2.7382

The noon rate of exchange on March 12, 2013, as reported by the Bank of Canada for the conversion of Canadian dollars into RON, was Canadian \$1.00 equals RON3.2798.

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404687
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)	Grams	31.1035

Date of Information

All information in this Annual Information Form is as of March 14, 2013 unless otherwise indicated.

PART I CORPORATE STRUCTURE

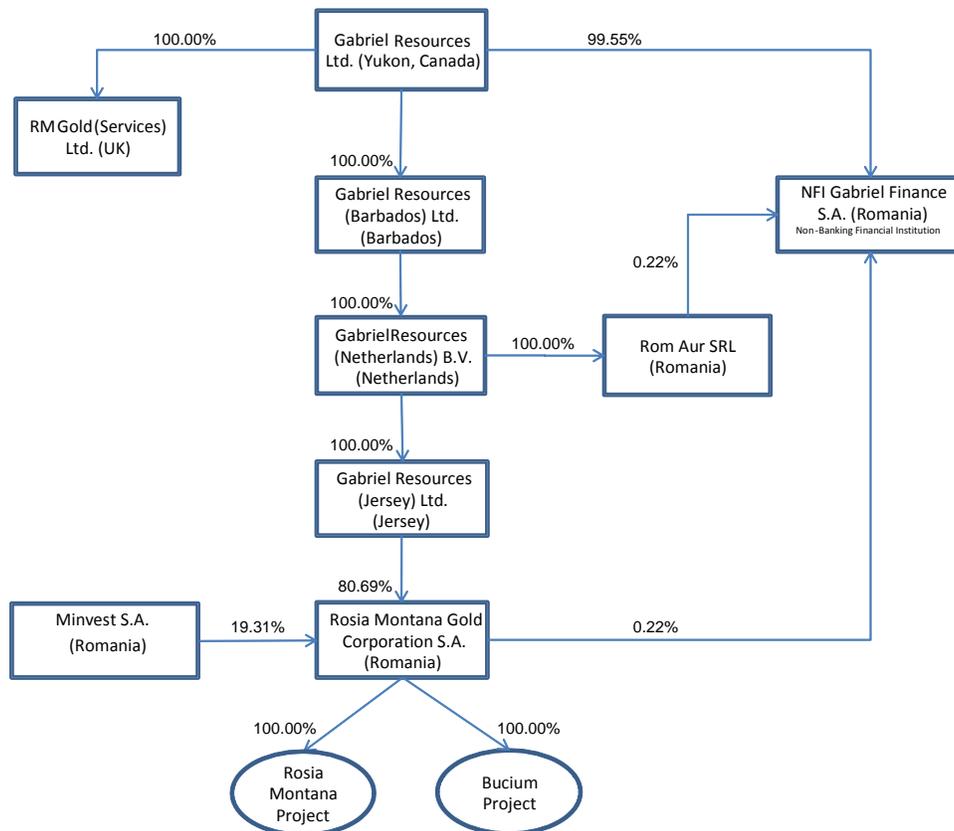
NAME, ADDRESS AND INCORPORATION

Gabriel Resources Ltd. ("**Gabriel**" or "**Company**") was incorporated on July 18, 1986 under the Company Act of British Columbia under the name "PIC Prospectors International Corporation". In 1994 the Company changed its name to "Starx Resource Corp.". In April 1997 the Company was continued under the Yukon Business Corporations Act changing its name to "Gabriel Resources Ltd.".

The Company's registered office is located at Suite 200, Financial Plaza, 204 Lambert Street, Whitehorse, Yukon, Y1A 3T2, Canada. Gabriel, through its subsidiaries, maintains administrative offices in London (UK), Bucharest (Romania), Rosia Montana (Romania) and Brussels (Belgium). Gabriel's financial year runs from January 1 to December 31.

INTER-CORPORATE RELATIONSHIPS

The diagram below sets forth the inter-corporate relationship between the Company and its subsidiaries. For each subsidiary, the jurisdiction of incorporation, the percentage of voting securities or ownership held by the Company and the principal mineral properties owned is illustrated below:



Notes:

- (1) In July 2011, the Company increased its equity interest in RMGC to 80.69% through the acquisition of a minority shareholding held by Foricon S.A. (0.23%), a private company, for net cash consideration of US\$1.15 million.
- (2) In 2011, the Company decided to relinquish an exploration license with respect to the Baisoara property in Romania which was held, through its wholly owned subsidiary Rom Aur, SRL.
- (3) Figures in the above diagram may not sum due to rounding.

PART II GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

Gabriel, through its 80.69% owned Romanian subsidiary Rosia Montana Gold Corporation S.A. ("**RMGC**"), is engaged in the exploration and development of precious metal mineral properties in Romania and is currently at the permitting stage in the process to develop, construct and operate the Rosia Montana gold and silver project in Romania ("**Project**"), one of the largest undeveloped gold deposits in Europe.

THREE YEAR HISTORY

Over the three most recently completed financial years, Gabriel has advanced the development of the Project through:

- initiating the majority of all necessary permitting and approval processes for the development, construction and operation of the Project, including environmental, archaeological and land use authorizations, as well as the acquisition of surface rights, in order to facilitate the construction phase of the Project;
- progressing the ongoing review of the environmental impact assessment ("**EIA**") for the Project, an assessment procedure which addresses all environmental and socio-economic aspects of the proposed mine development and forms the basis upon which the Government of Romania will grant an environmental permit ("**Environmental Permit**") for the Project;
- addressing issues raised in public consultations and by the Technical Analysis Committee ("**TAC**"), a committee convened by the Ministry of Environment to review the EIA;
- achieving significant milestone endorsements on permitting the Project including the receipt of the archaeological discharge certificate for the proposed Carnic open-pit and the strategic environmental assessment ("**SEA**") endorsement for the Project's zonal urbanism plan;
- successfully intervening in, and defending, a multitude of legal challenges brought by non-governmental organizations ("**NGOs**") principally against the Romanian authorities that have granted the permits and approvals necessary for the Project;
- pursuing a strategy of engagement with all stakeholders both to explain the critical importance of the Project as part of the sustained economic development for Romania and Gabriel's commitment to adhere to the highest standards on engineering, environmental, cultural and social matters;
- undertaking basic engineering and initial detailed engineering for the Project;
- care and maintenance of previously purchased long-lead time equipment required for the development phase of the Project, and consolidating such equipment in European ports;
- in connection with the program to acquire all necessary surface rights, completing the construction of the Recea resettlement site at Alba Iulia and offering support for the movement of 125 families from the Rosia Montana site into new housing at the Recea site;

- undertaking detailed archaeological work in the old underground mining galleries that lie under the historical and now protected centre of the village of Rosia Montana, and continuing a program of maintenance work on buildings located in the village including the restoration of an old school house and the town hall;
- campaigning in a local referendum convened in Alba County in December 2012 on the issue of the recommencement of mining in the Apuseni Mountains and, specifically, at Rosia Montana, the result of which demonstrated the significant public support for the restart of such activities in the region; and
- updating the capital and operating cost estimates for the Project through the preparation of a revised NI 43-101 technical report which was published in October 2012.

RECENT DEVELOPMENT ACTIVITIES

Engagement with the Romanian Government

For some time the Project has had a high profile in Romania, with wide coverage in television debates, on the internet and in print media. During 2011, RMGC held discussions with a number of ministries of the Romanian Government on the potential for a revised ownership interest in the Project, royalty rates for gold and silver production and to agree the route to successful permitting of the Project.

However, the level of Romanian Government engagement on the Project during 2012 was limited significantly due to the uncertainty created by considerable political and governmental change throughout the year (as further described in Part III), and the Romanian Government's focus on internal domestic (as well as EU related) matters, together with the holding of parliamentary and local elections. Accordingly, the Company scaled back its media communication efforts and more generally its level of expenditures.

To date the Company has had limited discussions the new USL Government (formally elected in December 2012, and defined below under the section entitled "*Investiture of the Social Liberal Union*") in respect of Project ownership and royalty rates. However, in 2013, the Prime Minister reportedly reiterated his view that progress on the permitting status of the Project needs to be aligned with an increase in the State's participation in the Project, through both ownership interest and royalty.

In addition, the USL Government had previously stated it will analyze the Project in a transparent manner and based on an open and democratic dialogue, so that the decisions are in accordance with the national interest, environmental protection and European legislation. In particular, recent comments reported in the Romanian media in 2013 and attributed to both the Prime Minister and Minister for Environment have specifically focused on compliance with European Directives on environmental matters as key to its progression of permitting the Project.

Advisory Referendum

In November 2012, the Alba County Council approved the organisation of an advisory referendum ("**Referendum**") in Alba county in respect of the recommencement of mining in the Apuseni Mountains and, specifically, mining at Rosia Montana. The Referendum, which was initiated by 35 mayors from the region as an independent, regulated and legal method to gauge the level of local public and community support for the restart of mining in the Apuseni Mountains, was held on December 9, 2012.

The Departmental Electoral Bureau in Alba, Romania formally acknowledged that 62.45% of the voters participating in the Referendum in 35 localities in Alba county voted in favour of the resolution to resume mining in the Apuseni Mountain region and at Rosia Montana. Furthermore, over 78% of the eligible voters registered in the community of Rosia Montana itself reportedly voted in favour of the resolution.

The Referendum was advisory in nature and did not have the power to enforce or bind the Romanian Government to any action. While voter participation in the Referendum fell short of the 50% turnout threshold required for the result to be legally validated, the fact that almost two in every three voters registered their approval of the resolution in the Referendum is considered by Gabriel as a demonstration of the significant public support for the resumption of responsible mining in the Apuseni Mountain region.

Anticipated Development Activities for 2013

During 2013, Gabriel's activities relating to the Project will focus on: (i) re-engaging with the Romanian Government to understand what it requires to move the permitting process forward; (ii) completing the EIA process for the Project and, ultimately, receipt of the Environmental Permit; (iii) progressing substantially the endorsement approval processes for an amended zonal urbanism plan designating an industrial zone under the footprint of the Project and for a zonal urbanism plan for a historical protected area; (iv) obtaining a new urbanism certificate to replace the Project's existing urbanism certificate which is due to expire in April 2013; (v) recommencement of the program to acquire all necessary surface rights; (vi) initiating processes for the approval of applications for land use changes and construction permits; (vii) continued defence of court cases brought against RMGC and intervening, where appropriate, in such cases brought against the Romanian authorities in relation to the permitting of the Project; and (viii) re-initiating financing activities for the Project.

There are significant risks that Gabriel's plans for the current financial year may be adversely affected by delays in one or more of its scheduled activities due to circumstances beyond its control. Reference is made to the section entitled "*Risk Factors*" in Part V.

PART III OVERVIEW OF ROMANIA

INTRODUCTION

Romania lies on the Black Sea coast of south-eastern Europe. The Carpathian Mountains and the Transylvanian Alps divide the country into three physical and historical regions: Wallachia in the south, Moldavia in the north-east, and Transylvania in the country's centre. Romania has an area of approximately 238,000 square kilometres and borders Moldova, Ukraine, Bulgaria, Hungary and Serbia.

Bucharest, the capital city and industrial, financial and commercial centre of Romania, is located in the south-east of the country on the Dâmbovița river. According to the preliminary results of a 2011 census published on February 2, 2012 by the Romanian National Statistics Institute, Romania has a population of approximately 19 million people.

POLITICAL ENVIRONMENT

Government Organization

After a long period of communist rule, ending in the revolution of 1989, the new Romanian Constitution, approved by Parliament on November 21, 1991, and amended in November 2003, proclaimed Romania a parliamentary democracy.

Romania has a bicameral Parliament consisting of two legislative chambers, the lower house, called the Chamber of Deputies, and upper house, or Senate, and members of each house serve a four-year term. The President, elected to a five-year term, is the Supreme Commander of the Armed Forces and Chairman of the Supreme Defence Council. The President nominates a candidate for the office of Prime Minister, while cabinet members must be approved by Parliament.

Accession to the European Union

On January 1, 2007, Romania became a member state of the European Union ("EU").

Following accession, the European Commission preserved the right to monitor Romania's judicial system and its fight against corruption and organized crime, and to invoke safeguard measures against the country set forth in the Treaty of Accession with the EU. A monitoring and verification mechanism was established by the European Commission ("**Cooperation and Verification Mechanism**") to ensure that Romania continued to reform in these areas post-accession. Accordingly, Romania is required to meet a number of benchmarks established by the Commission. The Commission reports under the Cooperation and Verification Mechanism every six months on progress, however given the political change which occurred in 2012 and the circumstances thereof, the schedule of reporting was expedited (see section entitled "*Proposals to Remove the President*" below).

Political Developments during 2012

During 2012, Romania had four different governments under three different prime ministers. There were two national elections organized during the year; being local party elections in June and parliamentary elections in December. In addition, a national referendum was held in July to vote on the initiation of the process to remove the President of Romania, Traian Basescu, from office, eighteen months in advance of the end of his term in December 2014.

Collapse of the PDL-UDMR Coalition

In the face of street protests throughout January 2012 triggered by, amongst other matters, the implementation of austerity measures, the centre-right alliance between the Liberal Democrat Party (PDL) and the Hungarian minority party (UDMR) that had been in power since December 2008 resigned in early February. Prime Minister Emil Boc, the leader of the PDL party, was succeeded in office by Mihai Razvan Ungureanu, who although without party affiliation, enjoyed the political support of President Basescu and the PDL-UDMR alliance.

However, less than three months later, the PDL-UDMR coalition Government led by Mr. Ungureanu lost a parliamentary 'no confidence' vote, which paved the way for the then political opposition to form a new ruling coalition.

Investiture of the Social Liberal Union

In May 2012, the centre-left Social Liberal Union (USL), a parliamentary union made up principally of the Social-Democrat Party (PSD) and the National Liberal Party (PNL), voted for the investiture of a new Government led by USL co-leader and PSD president, Victor Ponta ("**USL Government**"), who became Romania's third prime minister in less than six months.

The new USL Government took office just one month before the local elections in June and six months ahead of parliamentary elections. The local elections held on June 10, 2012 marked a significant victory for the USL, who not only gained control at most of the major city halls in Romania but also secured 36 out of 41 county council presidencies.

Proposals to Remove the President

On July 6, 2012, Romania's Parliament voted to suspend President Basescu pending a public referendum on a proposal for his removal from office. The referendum, which was held on July 29, 2012, fell short of the 50% turnout threshold required for the result to be legally valid, despite a significant majority voting for the President's dismissal. The result was approved one month later by the Constitutional Court and President Basescu was reinstated in his official position on September 4, 2012.

A report of the European Commission issued pursuant to the Cooperation and Verification Mechanism in July 2012, noted that impeachment proceedings against the President during 2012, which relied on a change of law by the Romanian Parliament and other political actions, had raised serious concerns with regard to the rule of law and the independence of the judiciary in Romania, as well as concerns about the irreversibility and sustainability of reforms in the country over the five years since its accession to the EU. The Commission's report laid out some twenty-eight recommendations for action, of which ten were in respect of the immediate actions to remediate the situation then present with respect to the rule of law and independence of the judiciary, which the USL Government undertook to implement. The Commission asked the USL Government to produce a supplementary report before the end of 2012 on its compliance against these and other benchmarks. This supplementary report is understood to have been submitted to the EU. On January 30, 2013, the EU published its findings with an EC spokesman reported to comment that while progress has been made in the prior six months, Romania has to do more for the independence of the judiciary and the rule of law, as it has failed to apply all of the EC's recommendations.

2012 Parliamentary Elections

In the parliamentary elections held on December 9, 2012, the USL alliance gained two-thirds of the parliamentary seats, a position enabling it to control both the Chamber of Deputies and the Senate. The new Government was invested on December 21, 2012.

Mr. Ponta retains his position as Prime Minister, albeit his cabinet has a slightly different structure with some of the former Ministries (including some relevant for the Project) being split and given different functional roles. This includes a new Ministry of Infrastructure and Foreign Investments to which, it has been reported in the Romanian media, overall responsibility for approving the Project may be transferred, a new Minister of Economy, a new Ministry for Water, Forests and Fisheries and a new Minister of Culture.

ECONOMIC ENVIRONMENT

Economy

After the Communist regime was overthrown in late 1989, Romania experienced a decade of economic instability and decline. From 2000 onwards, however, the Romanian economy was transformed into one of relative macroeconomic stability, characterised by high growth, low unemployment and declining inflation. In 2006, according to the Romanian National Statistics Institute, GDP growth in real terms was recorded at 7.7%, one of the highest rates in Europe. Inflation rose in 2007 and 2008, driven in part by strong consumer demand and high wage growth, rising energy costs and a nation-wide drought affecting food prices. In the last quarter of 2008, Romania's GDP contracted markedly as the country began to feel the effects of a global downturn in financial markets and trade, and GDP fell more than 7% in 2009, prompting the Government of Romania to seek a US\$26 billion emergency assistance package from the IMF, the EU, and other international lenders. Drastic austerity measures, as part of Romania's IMF-led agreement, led to a further 1.9% GDP contraction in 2010. Whilst Romania's GDP grew by 1.8% in 2011, GDP growth in 2012 was reported at 0.1% with the economy in technical recession in the second half of 2012. Only a modest increase to 0.8% is forecast for 2013 (*source: Oxford Economics*).

Taxes

Under Romania's general tax laws, companies are taxed at the rate of 16%. In addition, the Mining Law imposes certain taxes specific to the mining sector, as further described the section entitled "*Mining Law and Mineral Ownership - Exploitation Concessions*" in this Part III.

Certain types of revenues (i.e., interest, dividends, royalties and services fees) earned by non-resident companies are subject to withholding tax. Such withholding taxes may be reduced or eliminated subject to applicable double taxation agreements. There is currently no double taxation agreement in place between Romania and Jersey (the jurisdiction of formation of RMGC's immediate parent company). With effect from February 1, 2013, new legislation was introduced in Romania such that incomes (with some exceptions) paid to a non-resident from a state that has no formal tax treaty with Romania will be subject to a 50% withholding tax.

VAT is generally applied at a rate of 24% on goods (whether imported or purchased locally) and services rendered in Romania, subject to detailed VAT regulations which are in line with EU Directives and regulations. RMGC is registered for VAT purposes in Romania and VAT is applicable on products sold by RMGC in Romania.

Monetary contributions are payable to an environmental fund established by the Romanian State for packaging, tires, air-pollutant emissions from fixed sources, sale of ferrous and non-ferrous waste and standing wood, among other things. Some contributions depend on compliance with waste management obligations. The amounts of contributions payable are determined, depending on the type of substance, as a percentage of the value of substance placed on the market or value of the sales or as a flat fee depending on the quantity of emissions or area used for waste storage. Although RMGC and the Company are not currently subject to the payment of such contributions, certain substances used in or resulting from mining activities could potentially fall under one of the categories of substances subject to such payments.

There is also a range of employee, payroll, and social taxes that are payable by the employer (borne by either the employer or by the employees directly).

RMGC is a company constituted under Romanian law, its immediate parent is constituted under the laws of Jersey and the Company is incorporated in Yukon, Canada. Other than as noted above, from a national level, there are no restrictions on the repatriation of capital, dividends or profits subject to withholding taxes. In the EU level, the movement of capital, the remittance of profits and dividends, and intercompany transfers of loans and payments within the EU are unrestricted, subject to withholding taxes where applicable (see above).

MINING LAW AND MINERAL OWNERSHIP

The law governing mining activities in Romania is law no.85/2003 ("**Mining Law**") which was adopted in 2003 and subsequently amended in 2005, 2007 and 2009. The Mining Law provides that all mineral resources in Romania are administered by the National Agency for Mineral Resources ("**NAMR**").

All mineral resources located in Romania and in the portion of the continental shelf of the Black Sea adjoining Romania belong to the State of Romania. Mineral rights in Romania are acquired by way of prospecting permit, exploitation permit, exploration concession or exploitation concession granted by the NAMR. Under the Mining Law, an exploration or exploitation concession is a property-related right distinct and independent from the ownership of the land on and under which it is located, even when both belong to the same person. The rights granted by an exploration or exploitation concession are exclusive to the holder, chargeable, defensible against third parties and transferable with the consent of the holder and of the NAMR.

A draft amendment to the Mining Law was approved in the Romanian Senate in October 2009 and is currently in debate at the Chamber of Deputies where it is awaiting a report from the Committee for Industries before its final vote in a plenary session of the Chamber of Deputies. The proposed amendment, if enacted in its current form, may provide for, amongst other matters, greater clarity on the relationship between certain endorsement required under the zonal planning laws, confirmation that an exploitation concession license would be insulated throughout its term from subsequent modification of the applicable legal framework, a simplified procedure for the acquisition of surface rights and clarification of the legal framework concerning urbanism certificates and their relationship with the other permits and approval processes.

As further described in the section entitled "*Romanian Legislative Initiatives*" in Part IV, a number of private member bills have been introduced in the Romanian Parliament proposing, amongst other matters, that companies seeking to exploit Romania's mineral resources have a State participation.

Exploration Concessions

An exploration concession may be obtained for a maximum period of five years, with a renewal right of a maximum of three years. The perimeter of an exploration concession may be reduced upon the request of the titleholder and with the consent of the NAMR. An annual fee of 1,000 RON/km² (approximately US\$300) is payable to the Government of Romania. The annual fee doubles two years after the issue of the concession and quintuples after four years. The holder of an exploration concession must provide the NAMR with semi-annual and annual reports of all exploration activities conducted on an exploration concession. Exploration concessions confer on the holder the exclusive right to explore for any of the mineral substances lying within the perimeter of the concession. Under the Mining Law, exploration concessions may be converted into exploitation concessions following the finalization of the exploration, upon the submission and acceptance by NAMR of a final exploration report, accompanied by an application for conversion, a feasibility study, a mine plan, an environmental impact assessment, an environmental rehabilitation plan, a social impact assessment as well as any other documents NAMR may request as relevant.

Exploitation Concessions

An exploitation concession is granted for an initial term of twenty years and is renewable for successive five year periods. Under the existing Mining Law, a renewal application must be submitted to NAMR no later than 90 days prior to the expiry of the exploitation concession license term. An annual fee of 25,000 RON/km² (approximately US\$7,600) is payable by a holder of an exploitation concession to the Government of Romania. This fee may be adjusted for inflation. Holders of exploitation concessions must also pay to the state of Romania a net smelter royalty on all production plus a minor royalty for waste and aggregate material used in construction activities.

The production royalty for precious metal production, including gold and silver, is currently 4%. However it has been reported in the Romanian press that the Government of Romania has requested a resumption of the legislative approval process of proposed amendments to the royalty rates applicable to certain resources including precious metals. In addition, the Romanian Government published a Government Ordinance on January 23, 2013 imposing special taxation measures for companies deriving income from exploitation of mineral resources, other than natural gas. The new law imposes a 0.5% tax rate on the revenues derived from extraction and exploitation of natural resources in the period February 1, 2013 until December 31, 2014.

Exploitation concessions confer on the holder the right to explore, exploit, process, refine and trade all mineral substances (except oil, gas and radioactive substances) lying within the perimeter of, and subject to, the concession. In addition, exploitation concessions confer on the holder the right to obtain the right to use the surface of the land and available water to undertake mining activities upon payment of appropriate compensation.

ENVIRONMENTAL LAWS

In 2002 the Romanian Government began updating its environmental laws and associated regulations regarding the preparation of environmental impact assessments for industrial projects, in order to harmonize its environmental laws and regulations with those of the applicable EU directives. These laws enable RMGC to apply for and to receive an integrated approval for all environmental aspects of the development and operation of the Project. Currently all environmental matters in Romania are administered by the Ministry of Environment and Climate Change and Ministry of Water, Forests and Fish Farming.

Set out below is a summary of certain EU environmental directives relating to the extractive industry which are relevant to the Project:

- *Mine Waste Directive (2006/21/EC)* – the Mine Waste Directive ("**MWD**") addresses management of waste from the extractive industries and includes strict requirements ensuring an appropriate level of safety in relation to mining waste facilities. The MWD requires, amongst other matters, the establishment of planning, approval, inspection, monitoring, financing, closure and aftercare provisions for extractive waste facilities.
- *Environmental Liability Directive (2004/35/EC)* – the 'ELD' establishes a framework based on the polluter pays principle, according to which the polluter pays for the prevention and remediation of environmental damage. As the ELD deals with the "pure ecological damage", it is based on the powers and duties of public authorities as distinct from a civil liability system for "traditional damage" (i.e. damage to property, economic loss, personal injury).
- *Environmental Impact Assessment (EIA) Directive (85/337/EEC)* – EIA is a means of drawing together, in a systematic way, an assessment of the likely significant environmental effects arising from a proposed development. The EIA procedure can be summarized as follows: the developer may request the competent authority to say what should be covered by the EIA information to be provided by the developer (scoping stage); the developer must provide information on the environmental impact (*EIA report – Annex IV*); the environmental authorities and the public (and affected EU member states) must be informed and consulted; the competent authority decides, taking into consideration the results of consultations; and the public is informed of the decision together with the EU member states consulted.
- *Water Framework Directive (2000/60/EC)* - the purpose of this directive is to establish a framework for the protection of inland surface waters (rivers and lakes), transitional waters (estuaries), coastal waters and groundwater. Additional EU 'daughter' directives related to water and which are also relevant to the Project include: Groundwater Directive (2006/118/EC); Commission Directive (2009/90/EC); Urban Wastewater Directive (91/271/EEC); and Drinking Water Directive (98/83/EC).
- *Waste Framework Directive (2008/98/EC)* - this sets out some basic concepts and definitions relating to waste management, such as defining what constitutes waste, recycling, recovery etc. and lays down some basic waste management principles including requirements that waste be managed without endangering human health and harming the environment, and in particular without risk to water, air, soil, plants or animals, without causing a nuisance through noise or odours, and without adversely affecting the countryside or places of special interest.
- *Air Quality Framework Directive (96/62/EC)* – this directive, together with its four 'daughter' directives on air quality, describes the basic principles as to how air quality should be assessed and managed in the EU member states and lists the pollutants for which air quality standards and objectives will be developed.
- *Environmental Noise Directive (2002/49/EC)* - aims to "define a common approach intended to avoid, prevent or reduce on a prioritised basis the harmful effects, including annoyance due to the exposure to environmental noise" and to provide a basis for developing EU measures to reduce noise emitted by major sources, in particular road and rail vehicles and infrastructure, aircraft, outdoor and industrial equipment and mobile machinery.

- *IPPC Directive concerning Integrated Pollution Prevention and Control (2008/1/EC), as amended by Directive 2009/31/EC* – the ‘IPPC’ directive applies the principle of an integrated pollution prevention and control approach to the regulation of certain industrial activities including the application of ‘best available techniques’ which are required to be considered in order to avoid or reduce emissions resulting from certain installations and to reduce the impact on the environment as a whole, a concept applicable to the use of cyanide for extracting the gold and silver from ores at Rosia Montana.
- *Directive on the Control of Major-Accident Hazards involving Dangerous Substances (2012/18/EU)* – this directive (the so-called ‘SEVESO III’ directive) aims firstly at preventing major-accident hazards involving dangerous substances and secondly, at limiting the consequences of such accidents not only for humans but also for the environment.

PART IV DESCRIPTION OF THE BUSINESS

GENERAL

The Company, through its Romanian incorporated subsidiary RMGC, is engaged in the exploration and development of precious metal mineral properties in Romania. At the present time, Gabriel has two mineral projects located in Romania and is focused on permitting and developing the Project at Rosia Montana, which is one of the largest undeveloped gold deposits in Europe.

The Project is wholly owned by RMGC, in which Gabriel has an 80.69% equity shareholding. The remaining 19.31% of RMGC is held by CNCAF Minvest S.A. ("**Minvest**"), a Romanian state-owned mining enterprise.

Gabriel conducts all of its operations in Romania through RMGC, which has completed the exploration, pre-feasibility study, final feasibility study, basic engineering and the initial aspects of the detailed engineering phases of development for the Project. During the three most recently completed financial years, Gabriel has expended approximately \$158 million on the Project.

The Company's second project, the Bucium project, comprises the Rodu and Frasin epithermal gold and silver deposits and the Tarnita porphyry copper-gold deposit ("**Bucium Project**") which can be considered as advanced and early stage exploration, respectively. During the three most recently completed financial years, Gabriel has expended approximately \$0.1 million on the Bucium Project and accordingly it is not deemed a material mining property for the purposes of disclosure in this Annual Information Form. RMGC has applied to the NAMR to upgrade the exploration concession license relating to the Bucium Project into two exploitation concession licenses, however no formal decision is expected until further progress has been made on permitting the Project at Rosia Montana.

Rosia Montana Gold Corporation S.A.

RMGC, the Company's principal operating subsidiary, was incorporated in Romania under the name "Euro Gold Resources S.A." on August 25, 1997 and subsequently changed its name to "Rosia Montana Gold Corporation S.A." on February 2, 2000.

The Company has an 80.69% equity shareholding in RMGC. Minvest holds the remaining 19.31% interest in RMGC and Gabriel holds a right of first refusal to acquire this minority interest in RMGC from Minvest.

All funding of RMGC's activities to date has been provided by Gabriel. The constitution of RMGC provides that all credits and loans granted to RMGC by Gabriel or its affiliates, together with the related interest and associated costs and expenses, will be repaid to Gabriel from any profits generated by RMGC following the commencement of commercial production at Rosia Montana before any dividends are paid to the shareholders of RMGC.

Employees

As at December 31, 2012, Gabriel and its subsidiaries had, in aggregate, approximately 490 employees and contract workers located in Romania, the United Kingdom and Belgium, with the overwhelming majority being employed by RMGC in Romania. Gabriel and RMGC also engage a number of independent contractors to work on specific projects. Some of RMGC's employees in Romania are organized under a collective wage agreement and Gabriel and RMGC consider its employee and contractor relations to be good.

Corporate Social Responsibility

The Company takes pride in its commitment to achieving the highest levels of sustainability from workplace safety to community and environmental responsibility. The Company invests significant resources into its CSR programs, which in Romania is a multi-dimensional commitment managed by RMGC and covering employee training and safety, local communities, living traditions, direct and indirect social impacts, educational programs, environmental protection, community sponsorship and cultural and heritage aspects.

Gabriel is a signatory to the "*International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold*" ("**Code**"), a voluntary industry program for the gold mining industry to, amongst other matters, promote responsible management of cyanide used in gold mining and reduce the potential for environmental impacts. Companies that become signatories to the Code must have their operations audited by an independent third party to demonstrate their compliance with the Code. In addition and as a participant of the United Nations Global Compact ("**UNGC**"), the Company reports annually on its commitment to the advancement of the UNGC's ten universal principles in the areas of human rights, labor, the environment and anti-corruption.

PERMITTING PROCESS FOR THE PROJECT

General

Gabriel is focused on permitting and developing the Project at Rosia Montana. Although the Environmental Permit is the most important approval for the Project, and whilst significant progress has been made, including the issuance of archaeological discharge certificates for three of the four open-pits, there are a large number of rights, licenses, permits, approvals and authorizations from the local, county and federal levels of Government required to advance the Project to construction.

The Company has initiated the majority of all necessary permitting and approval processes for the development, construction and operation of the Project, and a brief summary of certain of the material rights, licenses, permits and approvals is set forth below.

The application for, and issuance of, each material license, permit, approval and authorization is governed by a separate set of laws, rules and regulations. To the extent these additional permits and approvals for the development, construction and operation of the Project are not dependent on issue of the Environmental Permit, or acquisition of surface rights, the processes for each of these are proceeding in parallel with the review of the Project's EIA.

There is no precedent or regulatory timeline in Romania for permitting a mining operation on the scale of the Project, however based on current applicable legislation and in the absence of any other extraordinary events, legal or otherwise, the Company expects the processes for obtaining the majority of the outstanding surface rights acquisitions and other permits and approvals (including initial construction permits for the Project) to take approximately one year from the date the Environmental Permit is issued by the Government

Reference is made to the section entitled "*Risk Factors – Permitting Process*" in Part V.

Mineral Rights

Pursuant to an agreement dated December 21, 1998, as amended, between the NAMR, Minvest and RMGC, an exploitation concession license ("**Rosia Montana License**") was issued by NAMR to Minvest as titleholder and to RMGC as the affiliated company. The Rosia Montana License was approved by Government Decision No. 458/1999 and came into effect on June 21, 1999. The Rosia Montana License has an initial term of twenty years and is renewable for successive five year periods.

In October 2000, title to the Rosia Montana License was transferred from Minvest to RMGC. RMGC is currently the titleholder of the Rosia Montana License and Minvest is currently designated as the affiliated company under the Rosia Montana License. However, Minvest remains responsible for all liabilities, including environmental liabilities, associated with its past mining operations. RMGC is responsible for carrying out and funding all development activities associated with the construction and operation of the proposed new mine at Rosia Montana and for all liabilities, including environmental liabilities, associated with its development and operation activities in the perimeter area of the Mining License.

Environmental Permitting Process

Under Romanian law, an EIA must be prepared for a project of a certain size and scale. The Project is required to have an EIA which addresses all environmental and socio-economic aspects of the construction, operation and ultimate closure and rehabilitation of the proposed mine development and forms the basis upon which the Government of Romania will grant an environmental permit for the new open-pit mine.

Initiation of the EIA and Public Consultation

RMGC initiated the environmental permitting process in December 2004 and, during the course of 2005 and early 2006, an EIA was prepared by over 100 independent international, EU and Romanian environmental consultants in accordance with all Romanian laws and regulations, EU directives, including the MWD, and the Equator Principles.

On May 15, 2006 RMGC filed its EIA with the Ministry of Environment. An integral part of the environmental permitting procedure entails a public consultation process designed and conducted by the Ministry of Environment. RMGC participated in sixteen public consultation meetings held in Romania and Hungary during July and August 2006. Pursuant to the provisions of the Espoo Convention on environmental permitting in a transboundary context, the Government of Romania was required to notify neighbouring countries that may be impacted by the Project. Accordingly, the Government notified Hungary, Serbia, Slovakia, Bulgaria, Moldova and the Ukraine, however only Hungary responded with initial comments, which were incorporated into the terms of reference issued for the EIA, as well as additional comments arising out of the public consultation meetings held in Hungary.

Following completion of the public consultation meetings, the Ministry of Environment generated an official list of questions from the interested public to which RMGC was required to respond. RMGC responded to these questions in the form of an annex to the EIA in May 2007 ("**EIA Annex**"). The Ministry of Environment subsequently convened the TAC to review the EIA and the EIA Annex.

Suspension of the TAC Review Process

After a series of four meetings of the TAC held between July 2007 and August 2007, the Ministry of Environment suspended the TAC review process on September 12, 2007. The reason provided by the Ministry of Environment for such suspension was that RMGC did not have a valid urbanism certificate. RMGC subsequently initiated a legal action against the Ministry of Environment, the Minister of Environment and the Secretary of State for the Ministry of Environment to compel the Ministry of Environment to resume the TAC review process, as further described in the section entitled “*Legal Proceedings relating to the Environmental Permitting Process*” in this Part IV.

Resumption of the TAC Review Process

In the second quarter of 2010, RMGC provided an updated urbanism certificate, UC-87, to the Ministry of Environment while maintaining its legal position that such an informational document was not a regulatory pre-condition to the ongoing TAC review process. Notwithstanding this position, the Ministry of Environment reviewed the form of UC-87 along with other materials filed by RMGC at the Ministry’s request. In September 2010 the Ministry of Environment resumed the TAC review process and the TAC subsequently met on four occasions between September 2010 and November 2011.

Status of the TAC Review Process

The TAC is the most substantive level of review provided by the Romanian Government and is a required procedural step prior to the Romanian Government providing its final decision on whether to approve the Environmental Permit for the Project. Whilst this process remains ongoing, there has been no meeting of the TAC since November 2011 and the Company is waiting to engage with the USL Government to advance the environmental permitting process.

It is the Company’s understanding that during 2011 the TAC had concluded that all technical aspects had been clarified to its satisfaction, although the Company still awaits formal feedback from the TAC as to whether further meetings or documentation will be requested. Whilst the current Minister of Environment has reportedly noted that the TAC review will be re-initiated when matters such as technical guidelines for the implementation of environmental financial guarantees and environmental liabilities enforcement consistent with EU legislation have been adopted into law by Romania, the Company awaits formal clarification from the USL Government and the TAC as to the next steps in its review process. Gabriel remains unable to provide guidance on the time that it might take the TAC to vote on the EIA or to release its recommendation to the Government. Ultimately and in accordance with current legislation, the Environmental Permit must be approved by a Cabinet decision of the Romanian Government prior to its issuance.

Reference is made to the section entitled “*Legal Proceedings relating to the Environmental Permitting Process*” in this Part IV and to the section entitled “*Risk Factors – Environmental Permitting Process*” in Part V.

Land Use Regulations

All land situated under the footprint of the proposed new mine at Rosia Montana must be zoned and/or classified for industrial uses including mining. Similar to other countries, Romania manages its land planning through several levels of zoning which include (i) general urbanism plans and accompanying local regulations (“**PUGs**”) and (ii) zonal urbanism plans and accompanying local regulations (“**PUZs**”).

General Urbanism Plans

A PUG incorporates a broader geographic area than a PUZ and establishes the fundamental legal basis for any project's development within the covered administrative unit. There are a number of PUGs relevant to the Project including the PUG for the Rosia Montana commune (approved in 2002); the PUG for Abrud (approved in 2002); the PUG for Campeni (approved in 2009); and the PUG for Bucium (approved in 1999). According to Romanian legislation, PUGs are required to be updated every ten years by the respective local council.

During 2012 the validity of the existing PUG for Rosia Montana and Abrud was extended, pursuant to local council decisions, through to July 2014. Furthermore, during 2012, the local councils of Rosia Montana, Abrud and Bucium initiated the necessary steps for, and commenced the drafting of, new PUGs for the respective localities.

Zonal Urbanism Plans

The PUZ is a more detailed plan and relates to the development of a particular area located within the territory of an administrative unit. It provides detailed regulations for the particular subject zone including: (a) organisation of roads; (b) architectural character; (c) land use; (d) utilities and infrastructure development; (e) forms of ownership and transfer of land; (f) protection of historical monuments and easements in protected areas. The final approval of a PUZ follows receipt of a series of endorsements and approvals from various authorities.

In 2002, the local council of Rosia Montana approved a PUZ designating an industrial zone under the footprint of the proposed new mine at Rosia Montana ("**2002 Industrial Area PUZ**"). Since 2002, RMGC has updated the design of the proposed mine, reduced the size of the footprint, expanded the protected zone and incorporated a number of additional changes to the proposed mine, all arising as a result of public consultation. The local council of Rosia Montana is obligated to update the 2002 Industrial Area PUZ to reflect such changes and modifications.

In 2006, an amended PUZ for the industrial development area of the Project was initiated, and such PUZ was further updated in 2010 ("**Industrial Area PUZ**"). The Industrial Area PUZ is at an advanced stage of approval, albeit there was limited progress in 2012. RMGC had obtained nineteen (19) out of the total number of twenty-two (22) endorsements then necessary for the approval of such PUZ. However, as result of the ongoing delays to the permitting process, two out of the nineteen endorsements expired during 2012. For one, RMGC has obtained a new valid endorsement and, for the second, RMGC is in dialogue with the relevant authority on the renewal process. In addition, recent modifications to the law governing urbanism plans require RMGC to obtain a further endorsement for the Industrial Area PUZ from the Agriculture and Rural Development Ministry, thus taking the total number of necessary endorsements to twenty-three (23). After obtaining all the endorsements, the final approval for the Industrial Area PUZ will be required to be given by the local councils of Rosia Montana, Abrud and Bucium.

In addition, in 2009, the local council of Rosia Montana initiated the process for a PUZ for the Rosia Montana historical protected area ("**Historical Area PUZ**") and at the end of 2011 had obtained ten (10) out of the total of thirteen (13) endorsements necessary for its final approval. As per the Industrial Area PUZ, one equivalent endorsement expired in 2012 and has now been replaced by a new endorsement issued by the competent authority. Once the endorsement process is completed, the matter will be referred to the local council of Rosia Montana for approval.

Aside from the above-mentioned zonal urbanism plans, the local council of Rosia Montana has initiated a set of five PUZs in order to define the protection zones for ten monuments located within the Industrial Area PUZ boundaries. These PUZs are currently in the design phase and will be the subject of public screening followed by endorsement and approval procedures.

In February 2013, the Romanian Parliament approved certain amendments to the existing urbanism law (Law No. 350/2001, as previously amended by Emergency Government Ordinance (EGO) 7/2011) which sets forth, amongst other matters, the legal framework for the approval of zonal urbanism plans in Romania such as the Industrial Area PUZ. These amendments to the urbanism law will come into force subject to promulgation by the President of Romania and subsequent publication in the official gazette.

While these amendments introduce a new approach concerning the previous approval timeline for PUZs and set out a new basis for the construction of industrial facilities based on a PUG containing appropriate urbanism provisions, some uncertainties remain regarding the application of the new law in respect of the PUZ approval process. Pending clarification of the legislation, the process for the approval of the Industrial Area PUZ may be amended and/or delayed further.

Reference is made to the section entitled "*Legal Proceedings relating to the Land Use Regulations*" in this Part IV and to the section entitled "*Risk Factors – Land Use Regulations*" in Part V.

Urbanism Certificates

In Romania, urbanism certificates form part of the legal regime associated with obtaining a construction permit for any kind of construction undertaking and are not solely associated with the mining industry. An urbanism certificate is an informational document issued by a local or county council that sets out the legal, technical and economic status of a particular parcel of land and lists the documents that must be submitted in order to obtain a construction permit thereon. It is not a permit or an approval and does not grant any rights or authorize the undertaking of any activities. Urbanism certificates generally are valid for a period ranging between 6 and 24 months.

Historically, RMGC has obtained urbanism certificates for the land underneath the industrial footprint of the Project and has applied to renew or replace those which have expired or where their validity has been legally challenged.

RMGC currently holds UC 87/30.04.2010 ("**UC-87**") which was initially valid for a period of 24 months until April 30, 2012. In March 2012, the Alba County Council approved a 12 month extension to the term of UC-87 until April 30, 2013. As it is not possible under the existing regulations to obtain a further extension to the term of UC-87, in February 2013, RMGC submitted a request together with the requisite supporting documentation to Alba County Council for a new urbanism certificate to replace UC-87.

Reference is made to the section entitled "*Legal Proceedings relating to Urbanism Certificates*" in this Part IV and to the section entitled "*Risk Factors – Urbanism Certificates*" in Part V.

Land Use Change Permits

The forestry and agricultural land use change permit applications will proceed after the Environmental Permit has been issued and the relevant surface rights have been obtained. The applications for land use change permits will require the submission of various technical documents and, ultimately, such approvals will require the endorsement of the Ministry of Environment and Climate Change, Ministry of Agriculture and Rural Development, Ministry of Water, Forests and Fisheries and approval of the Romanian Government.

Dam Safety Permits

On June 29, 2010, the Romanian National Dam Safety Commission ("**CONSIB**") approved the design of the Project's Corna and Cetate dams and operational safety permits were issued, both valid for two years. Following the submission by RMGC of the necessary technical documents during 2012, approval was given for the extension of the two permits for a further period of five years (subject to construction of the Project commencing within two years). Subsequently, in April 2012, the Ministry of Environment ratified the extension by issuing new safety permits for these dams.

Power Supply

Under the provisions of UC-87, RMGC is legally obliged to obtain an endorsement for the development of the industrial project from the local power supply provider, Electrica Transylvania South S.A. ("**Electrica**"). In addition, a "Technical Interconnection Permit" is required to be obtained by RMGC, granting approval for RMGC to utilise the power required for the Project from the national electrical grid. RMGC has applied to Electrica for such permit and Electrica is currently analysing the application by way of a solution study.

Due to the structure of the high voltage distribution grid in the area and the amount of power needed for the Project, endorsements from the operator of an interconnected grid and from the Romanian Transmission and System Operator, Transelectrica S.A., are required in order to obtain the final endorsement of Electrica.

Surface Rights Acquisitions and Resettlement

Surface Rights and Resettlement

The Company must acquire all necessary surface rights over the footprint of the proposed new mine in order to apply for the construction permits. These construction permits will be required to obtain the right to build the various facilities required for the Project.

RMGC began the acquisition of surface rights in the Rosia Montana and Corna valleys in 2002. However, with the suspension of the EIA review process in September 2007, the formal surface rights purchase program at the Rosia Montana site was suspended in February 2008.

RMGC currently owns approximately 78% of the homes and approximately 60% of the land by area in the Project footprint, comprising the industrial zone, the protected area and the buffer zone.

In addition to the remaining private properties yet to be acquired, RMGC needs to acquire properties (approximately 16% of the surface area of the Project) which are owned by institutions, including the local administrations of Rosia Montana and Abrud, as well as by state-owned mining companies. RMGC continues to implement a comprehensive community relations program in Rosia Montana and to engage in Project related discussions with past and current regional homeowners. Negotiations have been initiated with various institutions to acquire the institutional properties and this process is expected to be completed after the approval of the Environmental Permit.

The Mining Law provides that the holder of mineral rights has the legal right to acquire the surface rights corresponding to those mineral rights upon negotiation and payment of adequate compensation to the owner of the surface rights. Such right does not, however, provide exploitation concession holders with the ability to compulsorily acquire land directly, nor are there specific legal mechanisms under Romanian law to allow a governmental authority to compulsorily acquire land under a mining concession on behalf of a private company (or having a private company as beneficiary). Under the current legal framework, a distinct and competitive concession bidding procedure has to be conducted in order to grant any rights of use on the real estate that has been compulsorily acquired, which triggers both time constraints and uncertainties with regard to the ultimate holder of the compulsorily acquired rights.

Ultimately, the Company's ability to obtain construction permits for the mine and plant is predicated on securing all necessary surface rights within the Project footprint, the attainment and timing of which is subject to third party actions and a number of risk factors which are not within the Company's control.

Resettlement

In 2001, RMGC prepared a resettlement and relocation action plan (the "**RRAP**") in accordance with all relevant World Bank Group requirements and IFC Performance Standards regarding involuntary resettlement. RMGC has updated the RRAP to reflect changes in national legislation, World Bank guidelines, IFC Performance Standards, the views of the local communities and local developments. The RRAP is the document which details the procedures RMGC will follow and the actions that it will take to mitigate adverse effects, compensate losses and provide development benefits to persons and communities affected by the development of the new mine.

To provide resettlement options to families affected by the Project, and based upon the outcome of consultation with affected families in Rosia Montana, RMGC has constructed a 22-hectare modern neighborhood, known as Recea, in close proximity to the county capital of Alba Iulia. This site features significantly improved infrastructure, reliable electricity and modern amenities, with design and layout based on community input.

Construction of 125 homes at Recea was completed in 2010 and all but one of these homes are now occupied by resettled families. In late 2011, RMGC commenced the construction of twelve new houses at Recea, three of which are complete and nine of which are expected to be completed during 2013, and it substantially completed the construction of a church and associated annexes at Recea during 2012.

In preparation for the future expansion of Recea, certain civil works and additional services / utilities infrastructure were completed during 2012. A definitive review of the Recea expansion project is ongoing. Furthermore, work has been ongoing to review plans for a further resettlement village to be built close to Rosia Montana for the remaining homeowners who have chosen, or may choose, to be resettled in the Rosia Montana area.

Reference is made to the section entitled "*Risk Factors – Acquisition of Surface Rights and Resettlement*" in Part V.

Archaeological Discharge Certificates

Archaeological Discharge

RMGC is required to obtain archaeological discharge certificates ("ADCs") for the various parts of the proposed Project footprint. In order to obtain such certificates, RMGC must conduct an extensive program of preventative archaeology in order to ensure that valuable historical relics in the area are uncovered and preserved. This archaeological review of the historical mining activity at Rosia Montana is a critical step in the granting of the construction permits to build the Project.

RMGC currently holds ADCs for the proposed Carnic, Cetate and Jig open-pits. As mining at the Orlea open-pit is not scheduled to commence until year eight of the Rosia Montana mine life, RMGC will commence the application process for an ADC for Orlea in due course.

On July 14, 2011, the Alba County Directorate for Culture and National Patrimony issued a new ADC to RMGC for the Carnic open pit ("**ADC-9**"). In order to end the protective archaeological regime covering the proposed site of the Carnic pit, RMGC awaits formal confirmation that the Carnic massif has been removed from the List of Historical Monuments by the Ministry of Culture.

Archaeology and Preservation of Cultural Heritage

With the ADC for Carnic issued, RMGC is continuing further detailed archaeological work in the old underground mining galleries that lie under the historical centre of the village of Rosia Montana ("**Protected Area**"). This work has focused on opening up previously unexplored Roman galleries and the commencement of archaeological rehabilitation work on underground development adits and old mining areas that have never been restored for public interest. These areas are being restored by RMGC and some areas have already been opened to the public, with further areas planned to be opened, as a permanent museum, a visible testimony to the 2,000 year mining history at Rosia Montana and an accessible example of historic mining activities for parties with interests in the regional mining sector.

RMGC has continued maintenance work on 160 houses located in the historical centre of the village of Rosia Montana with the aim of preventing their deterioration. During 2012 the restoration of sixteen of these houses was completed, all of which are now in use.

In addition, RMGC is advancing a project to complete restoration of more than 110 houses located within the Protected Area. To date, the design work and permitting has been completed, with the final stage for obtaining construction authorization yet to be initiated. In addition, RMGC, in partnership with the local council of Rosia Montana, initiated the restoration of two iconic buildings in the Protected Area, an old school house and the town hall, along with the rehabilitation of a number of houses, all of which will be used for tourism initiatives.

Reference is made to the section entitled "*Legal Proceedings relating to the Archaeological Discharge Certificates*" in this Part IV and to the section entitled "*Risk Factors – Archaeological Discharge*" in Part V.

LEGAL CHALLENGES RELATING TO THE PROJECT

Over the years certain foreign and domestically-funded NGOs have initiated a multitude of legal challenges against local, regional and national Romanian authorities that hold the administrative or regulatory authority to grant licenses, permits, authorizations and approvals for many aspects of the exploration and development of the Project. In general, these legal challenges allege that such authorities are acting in violation of the laws of Romania and seek suspension and/or cancellation of a particular license, authorization, permit or approval.

While a small number of these actions over many years have been successful, most have been, and continue to be, proved to be frivolous in the Romanian courts. Since early 2010 18 court decisions (from 19 legal challenges to permitting, licencing and other Project matters) have been positive for the progress of the Project.

The Company, through RMGC, has intervened, or sought to intervene, in all material cases brought to date where it is judged that there is a need to ensure that the Romanian courts considering these actions are presented with a fair and balanced legal analysis as to why the various Romanian authorities' actions are in accordance with the relevant and applicable laws.

The publicly stated objective of the NGOs in initiating and maintaining these legal challenges is to use the Romanian court system not only to delay as much as possible, but ultimately to stop the development of the Project. Legal actions in the Romanian court system often take many months of hearings before an initial decision of the court is rendered, and then there is usually an additional period of time before the reasons for the decision are made public. There are a variety of procedural mechanisms that allow the NGOs to raise pleas which create additional legal actions that are separate from but related to the principal legal actions. Legal actions are often initiated by the NGOs in several different regional courts, and such legal objections may be raised in separate cases seeking a suspension or cancellation of a particular license, permit or approval. These actions add significant delay, distraction and cost to the process of permitting the Project.

Of the approximately 150 separate litigation files regarding the Project initiated by the NGOs or in respect of land acquisitions since 2004, the following provides a brief summary of the material legal actions.

Reference is made to the section entitled "*Risk Factors – Legal Proceedings*" in Part V.

Legal Proceedings relating to the Rosia Montana License

Over the past several years, Alburnus Maior Goldminer's Association ("**Alburnus Maior**") and several other NGOs have initiated a series of legal actions in the Romanian courts seeking orders compelling the NAMR to annul the Rosia Montana License. None of these cases have been successful as the High Court of Cassation and Justice, which is the supreme court of Romania, the Bucharest Court of Appeal and other county courts have rejected all such claims. In addition, legal actions have been filed by such NGOs in order to obtain disclosure of the provisions of the Rosia Montana License and related documentation. Most of these claims have been irrevocably dismissed by Romanian courts as ungrounded, based on the determination that the Rosia Montana License and related documentation are categorized as classified information in accordance with Romanian laws and regulations.

There is an action currently pending before the Bucharest Tribunal pursuant to which the Soros Foundation is seeking the disclosure of certain documents pertaining to the Rosia Montana License and the next hearing is scheduled for March 22, 2013.

Reference is made to the section entitled "*Risk Factors – Mineral Tenure Rights*" in Part V.

Legal Proceedings relating to the Land Use Regulations

In 2011 RMGC intervened in a claim brought by three NGOs in the Alba Iulia Court of Appeal which challenged the legality of a 2009 decision of the local council of Rosia Montana ("**LCD 1/2009**") that had re-confirmed the approval of the 2002 Industrial Area PUZ and the PUG for the Rosia Montana commune. On April 4, 2012, the Alba Iulia Court of Appeal ("**AICA**") upheld the ruling of a lower court that LCD 1/2009 had been illegally adopted by the local council of Rosia Montana and was invalid. However, in a written judgment delivered on May 17, 2012, the AICA confirmed that the sole effect of their judgment related to the validity of LCD 1/2009 and that the 2002 urbanism plan approvals remained in full force and effect.

A second legal challenge which also sought the suspension of LCD 1/2009 was irrevocably dismissed by the Cluj Tribunal on June 6, 2012 on the basis that the subject matter of the claim had been ruled upon by the AICA. A third case seeking both suspension and cancellation of LCD 1/2009 was initiated in the Bucharest Tribunal by two other NGOs. In October 2011, the Bucharest Tribunal, at RMGC's request, elected to suspend such action until such time as the above-mentioned case had been irrevocably resolved by the AICA. The NGOs may request the continuance of the cancellation action in due course.

In addition, two NGOs have filed a preliminary complaint against the local council of Rosia Montana seeking the revocation of a decision of the local council, namely LCD 14/2012, which approved an extension to the validity of the 2002 Industrial Area PUZ and the existing PUG for Rosia Montana through July 2014. Although the local council rejected the complaint in August 2012, the NGOs may initiate proceedings in the courts in respect of this matter.

On September 26, 2011, two NGOs filed a claim seeking the cancellation of the SEA which was issued by Regional Agency for Environmental Protection of Sibiu in March 2011. The SEA is a key endorsement required in respect of the Industrial Area PUZ. This claim is scheduled to be heard at the Cluj Tribunal on March 15, 2013. A second case seeking the suspension of the SEA has been initiated by the same two NGOs through the Cluj Tribunal and the next hearing of such claim is scheduled for April 26, 2013.

Reference is made to the section entitled "*Risk Factors – Land Use Regulations*" in Part V.

Legal Proceedings relating to Urbanism Certificates

Since 2004 RMGC has obtained four separate urbanism certificates with respect to the Project and all four have been the subject of legal action by NGOs.

The latest urbanism certificate, UC-87, has also been the subject of a series of legal challenges by NGOs who have sought its cancellation and suspension. To date, the Romanian courts have rejected all such challenges to UC-87, with the most recent decision being delivered on October 15, 2012.

In 2011 RMGC intervened in a claim in the Bucharest Tribunal for the cancellation of UC-87 that was commenced by two NGOs against Alba County Council. At the first hearing on December 21, 2011, the Bucharest Tribunal ruled in RMGC's and Alba County Council's favour. The NGOs appealed this decision, an appeal which was irrevocably rejected by the Bucharest Court of Appeal on October 15, 2012.

Reference is made to the section entitled "*Risk Factors – Urbanism Certificates*" in Part V.

Legal Proceedings relating to the Environmental Permitting Process

On September 12, 2007, the then Ministry of Environment suspended the TAC review of the EIA. The reason provided by the Ministry of Environment for such suspension was that RMGC did not have a valid urbanism certificate. The Company considered that the Ministry of Environment's action in suspending the EIA review process was without merit.

On September 21, 2007, RMGC filed an administrative complaint with the Ministry of Environment. As the Ministry of Environment did not reverse its decision to suspend the EIA review process, RMGC commenced legal action in the Bucharest Court of Appeal on November 16, 2007 against the Ministry of Environment, the Minister of Environment and the Secretary of State for the Ministry of Environment to compel the Ministry of Environment to resume the EIA review process.

On July 1, 2009, RMGC's legal claim against the Ministry of Environment was dismissed by the Bucharest Court of Appeal on a procedural exception raised by the Ministry of Environment without addressing the merits of the claim itself. RMGC appealed this decision before the High Court of Cassation and Justice which, on June 19, 2012, quashed the prior decision of the Bucharest Court of Appeal. The High Court of Cassation and Justice further ordered that the file should be returned to the Bucharest Court of Appeal to be reheard on its merits. As part of the proceedings before the High Court of Cassation and Justice, RMGC sought to discontinue its related claim for monetary damages against the Ministry of Environment and its former officials.

Upon the action being returned to the Bucharest Court of Appeal, the Court itself raised the question of whether the claim should be discontinued as a whole due to a lack of interest based on the fact that the EIA review process had reconvened in 2010. RMGC and the Ministry of Environment informed the Court that they considered the action should be discontinued on such grounds and, at a hearing on January 14, 2013, the Bucharest Court of Appeal admitted a motion of lack of interest. Accordingly, the actions against the Ministry of Environment and its former officials have been discontinued.

Reference is made to the section entitled "*Risk Factors – Environmental Permitting Process*" in Part V.

Legal Proceedings relating to the Archaeological Discharge Certificates

A number of ADCs granted to RMGC have become the subject of legal actions initiated by NGOs.

In 2004, Alburnus Maior commenced a series of legal actions in the Alba Iulia Court of Appeal with respect to RMGC's then ADC for the Carnic open-pit ("**ADC-4**") and, after an initial suspension, annulment, appeal, retrial, second annulment and final appeal, ADC-4 was annulled by the High Court of Cassation and Justice in December 2008.

On July 14, 2011, the Alba County Directorate for Culture and National Patrimony issued a new ADC to RMGC for the Carnic open-pit, ADC-9, which complements those RMGC already holds for the Cetate and Jig open-pits.

ADC-9 is the subject of various legal challenges by NGOs. On September 29, 2011, three NGOs filed a request to the Cluj Tribunal for the cancellation of ADC-9 and the next hearing is scheduled to be heard on March 18, 2013. On January 20, 2012, the same three NGOs filed a claim in the Cluj Tribunal seeking the suspension of ADC-9 and the next hearing is scheduled to be heard on April 5, 2013.

In addition, two NGOs have initiated proceedings before the Bucharest Tribunal seeking the cancellation and suspension of ADC-9, the first hearing of which is scheduled for April 1, 2013.

However, an action initiated by two NGOs which sought to compel the Alba County Authority for Culture and Patrimony and Minister of Culture and Patrimony to disclose the entire documentation submitted by RMGC in respect of the application for ADC-9 was dismissed by the Bucharest Tribunal at a hearing on December 20, 2012.

In July 2011, RMGC committed to an additional US\$70 million patrimony expenditure plan, through a formal protocol agreed with the Romanian National Institute of Heritage. This agreement, which was conditional upon the execution of a supplemental agreement setting out the implementation processes of the protocol, prescribed the terms and conditions upon which RMGC would partner with the National Institute of Heritage to carry out research, appraisal and consolidation / restoration works of historical monuments across Romania included in the National Program for the Restoration of Historical Monuments. Although this agreement has since lapsed on the basis that the supplemental agreement was not completed, an NGO has brought an action before the Bucharest Tribunal requesting the disclosure of the protocol between RMGC and the National Institute of Heritage, the next hearing of which is scheduled to be heard on March 25, 2013.

Reference is made to the section entitled “*Risk Factors – Archaeological Discharge*”.

Legal Proceedings relating to the Classification of Buildings

A claim initiated by the Archaeological Restoration Association ("ARA") in the Alba Iulia Tribunal which sought to commence the procedure of classifying certain buildings from Rosia Montana as historical monuments was rejected at a hearing on February 3, 2012. This decision was appealed by the ARA to the Alba Iulia Court of Appeal, an appeal which was irrevocably rejected by that Court of Appeal on October 3, 2012

Legal Proceedings relating to the Tailings Management Facility

In April 2007, all necessary legal and regulatory steps required for issuance of the dam safety permits required for the Project, including review by the relevant expert dam safety commissions, were completed, however the Ministry of Environment refused to issue such permits. RMGC initiated legal action on September 5, 2008, in the Bucharest Court of Appeal seeking an order of the court compelling the Ministry of Environment to issue such permits. On February 3, 2009, the Bucharest Court of Appeal ruled in favour of RMGC and ordered that the Ministry of Environment issue the permits. On July 6, 2009, the Ministry of Environment filed its final appeal in this case. On June 2, 2010, the High Court of Cassation and Justice ruled in favour of RMGC. The Ministry of Environment subsequently implemented the lower court's ruling.

Legal Proceedings relating to the Recovery of Taxes

A case brought by RMGC to recover certain taxes over the period January 2005 to June 2007 was resolved in RMGC's favor by the Bucharest Court of Appeal on May 10, 2011. The Romanian fiscal authorities submitted an appeal against this decision to the High Court of Cassation and Justice, an appeal which was irrevocably rejected by the High Court on March 13, 2013.

Non-Governmental Organization Activities

In addition to the multitude of legal challenges initiated by the various NGOs as described above, various NGOs have maintained to date a consistent and continuous public relations campaign opposing the Project. Such activities have included the organisation of public protests, issuance of press releases, publishing briefings and reports and maintaining various websites.

Over the past few years, the Company has embarked on national and international engagement campaigns with many of these NGOs so that all parties can work to understand fully each other's comments and concerns and work together to do what is best for Romania and its people.

ROMANIAN AND EU LEGISLATIVE INITIATIVES

Romanian Legislative Initiatives

Since 2005, a number of private member bills have been introduced in the Romanian Parliament with the intent of preventing the development of the Project. These private members bills have proposed banning the use of cyanide in mining operations, declaring certain archaeological sites as areas of national interest and declaring Rosia Montana as a protected area. The proposal to ban cyanide in mining operations was introduced in 2005 and again in 2007. At present, this legislative initiative, together with the proposal to declare certain archaeological sites as areas of national interest, are in the parliamentary committee stage. The legislative initiative declaring Rosia Montana as a protected area was rejected in the Romanian Parliament in 2008.

Another private bill, registered with the Parliament in 2011, proposed that the Romanian State must hold a majority position in any company seeking to exploit of Romania's mineral resources including gold deposits. The bill was rejected in June 2012.

However, in September 2012 another private bill was put forward which proposes that companies seeking to exploit the country's precious metals resources (again including gold deposits) must have a State participation, although no minimum percentage is prescribed. This bill also seeks to impose restrictions related to the location of tailing ponds, a requirement that alloys resulting from the processing of Romanian mineral resources are refined in-country and a requirement that the exploitation of such resources should only proceed following a decision taken by the local council or by a local referendum. This bill was adopted by the Senate through so-called "silent procedure", a process whereby the Senate did not vote on the bill due to timeline expiration, and consequently it will now proceed to the Chamber of Deputies, the decisional body, for debate and legislative review.

As described in the section entitled "*Mining Law and Mineral Ownership*" in Part III, the Romanian Government published a Government Ordinance on January 23, 2013 imposing special taxation measures for companies deriving income from exploitation of mineral resources, other than natural gas. The new law imposes a 0.5% tax rate on the revenues derived from extraction and exploitation of natural resources in the period February 1, 2013 until December 31, 2014.

In the ordinary course of any Parliamentary session many legislative bills are introduced for debate some of which, when passed in their final form, could have a direct or indirect adverse impact on the Company's interests in the Project from an economic, permitting, development, construction or operations perspective.

At this time, the Company cannot predict what these potential outcomes may be given the inherent unpredictability of the parliamentary review process nor the likelihood of future legislative initiatives designed to specifically target and prevent the development of the Project. There are significant risks that these legislative initiatives could be passed by the Romanian Parliament and become law. Such passage could negatively impact the Company's development plans, result in additional delays and expenses on its part, and possibly prevent the development of the Project.

EU Legislative Initiatives

EU Commission Rejection of Proposed Legislation against the use of Cyanide

Under the EU legislative framework, the European Commission has the sole right to propose and initiate EU legislation. On May 5, 2010, the European Parliament approved a non-binding resolution calling on the European Commission to introduce legislation for a ban on the use of cyanide mining technologies in the European Union by the end of 2011. The European Commission rejected the proposed EU-wide ban on cyanide use in mining activity.

On June 23, 2010 the European Commissioner for the Environment stated that the European Commission considers that a general ban of cyanide in mining activities is not justified from an environmental and health point of view and would imply the closure of existing mines operating in safe conditions. Additional calls for a ban have been commenced by members of the European Parliament in response to the European Commission's rejection of such a ban but to date the European Commission has reiterated that it does not intend to introduce a general ban on the use of cyanide in gold mining in the European Union.

Committee on Petitions of the European Parliament

Two petitions signed by individuals and scientific groups against the Project have been submitted to, and heard by, the Committee on Petitions of the European Parliament, and a fact-finding delegation from the Committee on Petitions visited Romania in November 2011 but did not visit the site of the Project. A report by the Committee on Petitions delegation on the fact-finding visit was adopted by members of the Committee on Petitions on 12 July 2012. It is understood that the non-binding and balanced recommendations set out in such report were transmitted to the Romanian Permanent Representation to the EU for onward transmission to the Romanian Government.

Anticipated EU Legislative Initiatives in 2013

Various EU legislative initiatives and/or reviews to existing EU legislation are anticipated during 2013 which may have an impact upon the Project including, but not limited to, the following matters:

- *Environmental Impact Assessment Directive (EIA Directive)* – in July 2013, the European Parliament's Environment Committee is expected to vote on the European Commission's draft report proposing certain amendments to the EIA Directive. The draft proposals include, inter alia, that only projects with important environmental impacts will be assessed; the requirement for competent authorities to provide clear justification for their decisions; the introduction of timeframes for the principal stages of the EIA process; and a new mechanism to coordinate the EIA Directive with the environmental assessments required under other EU rules.

- *European Liability Directive (ELD)* - the European Commission has commissioned a study on the proposed implementation of the ELD as well as a feasibility study with respect to a fund covering environmental liability. This proposal for the creation of a European ‘super-fund’ for environmental liability and losses is based on an initiative proposed by Hungary following a tailings dam incident in Kolontár, Hungary in October 2010. A feasibility study has been commissioned on the establishment of such a super-fund to cover environment liability and losses caused by incidents such as that at Kolontár. The existing proposal envisages that the fund could be called upon above a certain threshold of damage (currently proposed at €100million) and that an annual levy would be imposed on industries and companies which are subject to it (in the form of a mandatory insurance premium assessed at 0.2% of the annual net sales of the company).

Reference is made to the section entitled “*Risk Factors – Proposed Adverse Legislative Initiatives*” in Part V.

PART V RISK FACTORS

This section describes the existing and future material risks to the business of the Company and its subsidiaries (together the "Gabriel Group"). The risks described below are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Gabriel Group's business. The realization of any of these risks may materially and adversely affect the Gabriel Group's business, financial condition, results of operations and/or the market price of Gabriel's securities.

References below to the Company are also deemed to include, where appropriate, any member of the Gabriel Group.

Political and Economic Risks of Operating in Romania

As all of Gabriel's operations, property rights and other interests are located in Romania, it is subject to certain risks, including possible political or economic instability, which may result in the impairment or loss of mineral concessions or other mineral rights.

Mineral exploration and mining activities may be affected in varying degrees by political instability and government regulations relating to the mining industry, which could include cancellation or renegotiation of the terms and conditions of, or state participation in, mineral concessions and other contracts, changes in Romanian domestic laws or regulations, changes in tax laws, royalty and tax increases, restrictions on production, restrictions on the use of cyanide, price controls, expropriation of property, fluctuations in foreign currency, foreign exchange controls, import and export regulations, restrictions on the export of gold, restrictions on the ability to repatriate earnings and pay dividends offshore, restrictions on the ability to hold foreign currencies in offshore bank accounts, environmental obligations and/or legislation, employment practices and mine safety. There can be no assurance that such restrictions and controls will not be imposed in the future and such restrictions, controls or fluctuations may materially affect Gabriel's financial position as well as Gabriel's ability to develop its mineral properties.

In the event of a dispute regarding any of these matters, Gabriel may be subject to the jurisdiction of courts outside of Canada, which could have adverse implications for the outcome. Any changes in laws, rules or regulations, policies or shifts in political attitudes regarding foreign direct investment in the EU or Romanian mining industry are beyond Gabriel's control and may adversely affect its business.

Romania currently has a coalition government made up principally of an alliance of two main political parties. Due to the inherent instability of coalition governments, there is a risk that the current Government may fall, resulting in the need to call new parliamentary elections. Such circumstances are beyond Gabriel's control and may have a negative effect on the development of the Project and may result in delays in the permitting process, or result in additional costs and expenses on its part.

Permitting Process

General

Gabriel must obtain a large number of permits, approvals, authorizations and regulatory consents (the "**Authorizations**") from various levels of local, county and federal governmental authorities in order to proceed with the development, construction and operation of the Project and the development of its other mineral interests in Romania, as further described in the section entitled "*Permitting Process for the Project*" in Part IV.

No modern mine, using Best Available Techniques as defined by EU legislation, has ever been permitted, constructed or operated in Romania. The existing EU and Romanian laws relating to the permitting of a large-scale industrial project like Rosia Montana are being applied for the first time in Romania at the Project. As one of the first companies to attempt to permit a modern mine in Romania, there are significant risks that the governmental review and approval process and actions with respect to permitting could be delayed due to circumstances beyond Gabriel's control.

Obtaining the necessary Authorizations can be a complex and time-consuming process. The duration and success of permit applications are contingent on many factors that are outside the Company's control. There can be no assurance that all Authorizations which the Company requires for the conduct of mining operations will be obtainable on reasonable terms or in a timely manner, or at all, that such terms may not be adversely changed, that required extension will be granted, or that the issuance of such Authorizations will not be challenged by third parties. The Authorizations may require amendments to existing legislative or regulatory frameworks by local, county or federal governmental authorities in order to complete the permitting and financing of the Project. Delays in obtaining or a failure to obtain such Authorizations or extension thereto, challenges to the issuance of such Authorizations, whether successful or unsuccessful, changes to the terms of such Authorizations, or a failure to comply with the terms of any such Authorizations that the Company has obtained, could have a material adverse impact on the Company's business, financial condition and/or the market price of its securities.

Environmental Permitting Process

The environmental approval of the Project is a critical item that Gabriel must obtain in order to construct the proposed mine and processing plant at Rosia Montana. In addition to complying with all Romanian laws and regulations, the EIA for the Project must comply with all EU guidelines and directives, although no specific approval is required outside of Romania. There are significant risks that the governmental review and approval process could continue to be delayed due to circumstances beyond Gabriel's control and any such delays could negatively impact Gabriel's development plans, prevent the development of the Project, or result in additional material expenses on its part.

Urbanism Certificates

As described in the section entitled "*Legal Challenges relating to the Project*" in Part IV, all four of the urbanism certificates obtained by RMGC in respect of the Project have been the subject of legal action by NGOs. Although none of these legal actions would prevent RMGC applying for or obtaining a new urbanism certificate from the county administrative authority, they can introduce delays in the permitting process. The authorities are obligated to issue the certificates upon receipt of the proper application materials, however the cumulative effect of continued litigation indicates that any future urbanism certificate is likely to be the subject of legal challenge by NGOs and it is not possible to predict whether they will survive such challenge.

If the existing urbanism certificate, UC-87, or any future urbanism certificate obtained by RMGC is annulled by Romanian courts, it is not possible to assess what impact such decision will have on the Romanian authorities' actions with respect to other ongoing permitting activities, and specifically the ongoing TAC review process of the EIA for the Project. Any such decision could negatively impact Gabriel's development plans, prevent the development of the Project, or result in additional expenses on its part.

Furthermore and as described in the section entitled "*Permitting Process for the Project*" in Part IV, UC-87 is due to expire in April 2013. Whilst RMGC has commenced all necessary steps for requesting a new urbanism certificate to replace UC-87, there can be no assurance that a new urbanism certificate will be issued in a timely manner. Any delays in obtaining such certificate could negatively impact Gabriel's development plans and result in additional delays to the permitting of the Project.

Archaeological Discharge

Certain ADCs granted to RMGC have become the subject of a series of legal actions initiated by NGOs, as further described in the sections entitled “*Permitting Process for the Project*” and “*Legal Challenges relating to the Project*” in Part IV. Any successful legal challenges to the validity of any ADC granted to RMGC including ADC-9, could negatively impact Gabriel’s development plans, require additional work and re-application for ADCs, result in additional delays and expenses for the Company, or prevent the development of the Project. Reference is made to the section entitled “*UNESCO World Heritage List*” in this Part V.

Land Use Regulations

As described in the section entitled “*Permitting Process for the Project*” in Part IV, the updated and amended Industrial Area PUZ, incorporating the changes made to the design of the Project since 2002, and the Historical Area PUZ must be approved by the local council of Rosia Montana. In addition and as provided under Romanian law, the PUG for the Rosia Montana commune which was approved in 2002, together with other PUGs relevant for the Project, must be updated every ten years.

Whilst RMGC has obtained an extension for certain existing PUGs until mid-2014, and recent legislation has brought changes and uncertainty to the approval processes for PUZs (as noted below), there are significant risks that the updating and amending of such land use regulations could be delayed due to circumstances beyond Gabriel’s control and any such delays could negatively impact Gabriel’s development plans or result in additional expenses on its part, or prevent the development of the Project. There can be no assurance that the aforementioned land use regulation will be approved in the appropriate form or in a timely fashion. As described in the section entitled “*Permitting Process for the Project*” in Part IV, the final approval of the PUZs follows after a series of endorsements and approvals from various authorities. There can be no assurance that the outstanding endorsements will be obtained in a timely fashion, that additional endorsements and approvals will not be required or that existing endorsements will not be the subject of legal challenge in the Romanian courts.

In February 2013, the Chamber of Deputies of the Romanian Parliament approved certain amendments to the existing Urbanism Law (Law No. 350/2001, as previously amended by Emergency Government Ordinance (EGO) 7/2011) which sets forth, amongst other matters, the principal legal framework for the approval of zonal urbanism plans in Romania such as the Industrial Area PUZ. These amendments to the Urbanism Law will come into force subject to promulgation by the President of Romania and subsequent publication in the official gazette.

While the amendments to the Urbanism Law set out a new approach concerning the previous approval timeline for PUZs and introduce a new basis for the construction of industrial facilities based on a PUG containing appropriate urbanism provisions, some uncertainties remain regarding the application of the new law in respect of the PUZ approval process.

If the relevant legislation is not clarified, the process for the approval of the Industrial Area PUZ may be amended and/or delayed further and there can be no assurance that a process restart for such urbanism plan will not be required.

Acquisition of Surface Rights and Resettlement

Gabriel must acquire all necessary surface rights over the footprint of the new mine in order to apply for the requisite construction permits. This process involves the acquisition of properties owned by residents in the Rosia Montana and Corna valleys, the construction of resettlement site(s) to house those residents of Rosia Montana wishing to relocate there, as well as the acquisition and replacement of public buildings, social facilities and other structures. There can be no assurance that Gabriel will acquire all necessary surface rights, or acquire such rights at prices which are acceptable to the Company.

Whilst the existing Mining Law provides that the holder of mineral rights has the legal right to acquire the surface rights corresponding to those mineral rights upon negotiation and payment of adequate compensation to the owner of the surface rights, such right does not, however, provide exploitation concession holders with the ability to compulsorily acquire directly, nor are there specific legal mechanisms under Romanian law to allow a governmental authority to compulsorily acquire land under a mining concession on behalf of a private company (or having a private company as beneficiary).

There are significant risks that the acquisition of all necessary surface rights may not be achieved or could be delayed due to circumstances beyond Gabriel's control and any such outcome could negatively impact Gabriel's development plans, result in additional expenses on its part, or prevent the development of the Project.

Mineral Tenure Rights

Gabriel, through RMGC, currently holds an exploitation concession license with respect to the Project. The initial term of the Rosia Montana License expires in 2019. The current mine plan for the Project anticipates a 16 year operating life plus additional time for closure and remediation activities. The Mining Law provides license holders with a renewal right for successive five year extensions to concession licenses subject to the approval of the NAMR upon receipt of requisite application materials.

RMGC has applied to the NAMR to upgrade the exploration concession license relating to the Bucium Project into two exploitation concession licenses. Such exploitation licenses may be necessary for the final permitting and construction of the Project.

Gabriel has obtained mineral title opinions with respect to the Project and, based upon such title opinions, Gabriel believes that RMGC has good title to all mineral rights covering the mineral resources and reserves at the Project. Such mineral title opinions should not, however, be construed as a guarantee of title to such mineral rights. Gabriel also believes that the Rosia Montana License is in good standing and RMGC is not in default of the provisions of such license. There can be no assurance that the Rosia Montana License will not be suspended, terminated or cancelled due to an alleged breach of the terms and conditions of the license on the part of RMGC or that the Rosia Montana License will be extended subsequent to its initial term.

As described in the section entitled "*Legal Challenges relating to the Project*" in Part IV, Alburnus Maior and other NGOs have over the past several years commenced and lost a number of legal actions seeking orders compelling the NAMR to annul the Rosia Montana License. There can be no assurance that there will not be further legal challenges to the exploitation or exploration concession licenses currently held by RMGC or that such challenges will not be successful.

Any challenges to the Rosia Montana License or to the conversion of the exploration concession license relating to the Bucium Project into an exploitation license, any delay in obtaining or in extending such licenses or any cancellation of such licenses could negatively impact Gabriel's development and exploration plans, result in additional expenses on its part, or prevent the development of the Project.

Legal Challenges

As illustrated in the section entitled “*Legal Challenges to the Project*” in Part IV, Gabriel faces a number of legal challenges initiated by NGOs with respect to the development of the Project. The publicly stated objective of these legal challenges is to suspend, annul, terminate, or prevent the issuance of, each of the licenses, permits, approvals and authorizations required by Gabriel to develop and operate the Project. In addition, legal challenges also target the corporate activities of RMGC in Romania and seek declarations annulling certain activities or the dissolution of the company.

Due to the inherent uncertainties of the judicial process, the Company is unable to predict the ultimate outcome or impact, if any, with respect to matters challenged in the Romanian courts. In all circumstances, the Company and/or RMGC will vigorously maintain its legal rights and will continue to work with local, county and federal authorities to ensure the Project receives a fair and timely evaluation in accordance with Romanian and EU laws. However, there can be no assurance that the Company and/or RMGC (as the case may be) will prevail in these matters.

There are significant risks that the success of these legal challenges could result in the suspension, cancellation, or termination, or prevent the issuance, of such licenses, permits, approvals or authorizations, or could result in a court decision ordering the dissolution of RMGC which could negatively impact Gabriel’s development plans, result in material additional expenses on its part (or that of RMGC), or prevent the development of the Project.

The implications of a negative court ruling will only be known once such a decision is issued formally by the relevant Court and the position of the Government is assessed.

Proposed Adverse Legislative Initiatives

Since 2005, a number of private members’ bills have been introduced in the Romanian Parliament with the intent of preventing the development of the Project, as further described in the section entitled “*Romanian and EU Legislative Initiatives*” in Part IV.

In the ordinary course of any Parliamentary session many legislative bills are introduced for debate some of which, when passed in their final form, could have a direct or indirect adverse impact on the Project from an economic, permitting, development, construction or operations perspective. At this time the Company cannot predict what these potential outcomes may be, given the inherent unpredictability of the parliamentary review process nor the likelihood of future legislative initiatives designed to specifically target and prevent the development of the mining industry in Romania and/or the Project. There are significant risks that these legislative initiatives will be passed by the Romanian Parliament and become law and any such passage could negatively impact Gabriel’s development plans, result in additional delays and expenses on its part, and possibly prevent the development of the Project.

In addition, there have been calls on the European Commission to initiate a ban on the use of cyanide mining technologies in the European Union. Although such calls for an EU-wide ban on the use of cyanide mining technologies have been thus far rejected by the European Commission, if further such legislative initiatives are proposed and introduced and, ultimately, passed into law by the European Union legislature, such legislation may materially affect Gabriel’s financial position as well as Gabriel’s ability to develop its mineral properties.

Tailings Incidents

An incident at any one of the facilities included in the inventory of the International Commission for the Protection of the Danube River (the "ICPDR"), or that occurs elsewhere in Europe is beyond Gabriel's control and may adversely affect political attitudes in Romania regarding the mining industry. In particular, a shift in such attitudes away from support for the mining industry may adversely affect Gabriel's ability to develop, or may prevent Gabriel from developing, a new mine at Rosia Montana.

The incidents in 2000 at the Baia Mare and Baia Borsa tailings management facilities in Romania, in neither of which Gabriel had any interest or involvement, together with the 2010 tailings dam collapse at the Kolantar site in Hungary, have dramatically increased public awareness of the environmental and safety hazards of the mining and mineral processing industry. In response to the Baia Mare incident, both the United Nations and the EU convened missions or task forces to investigate these incidents and to formulate conclusions and recommendations. The EU recommendations included developing a new EU directive relating specifically to the mining industry, the MWD, which came into force and effect in April 2006, as well as the preparation of an inventory of similar sites in Europe which pose the threat of similar incidents. The ICPDR has assembled an inventory of high risk tailings facilities in countries surrounding the Danube River, including Hungary, Romania, Slovenia and Ukraine. The Salistei tailings dam, which was operated by Minvest at Rosia Montana until operations ceased in May 2006, although outside the boundaries of the Project, is included in the ICPDR's inventory.

Closure of the State Run Mining Operations

In May 2006, Minvest permanently ceased all of its mining operations at Rosia Montana. As a result, a mine closure plan was developed, which, Gabriel understands, was approved by the Romanian Ministry of Economy and the NAMR. The mine closure plan was developed to integrate into Gabriel's development plans for Rosia Montana in order to avoid any conflict between the State's closure activities and Gabriel's development activities. A state-owned company under the coordination of the Ministry of Economy, S.C. CONVERSMIN S.A., has responsibility for the mine closure plan.

There can be no assurance that the activities contemplated by such mine closure plan will be implemented in a timely fashion and that undertaking such activities, or a lack of completion thereof, will not interfere with the development of the Project.

Until the mine closure plan has been fully implemented, there can be no assurance that such activities will not attract liability to Gabriel, as the titleholder of the Rosia Montana License, under the laws, rules and regulations applicable to mining activities in Romania. Likewise, there can be no assurance that the assumption by the State-owned operator of all liabilities associated with its past mining operations and the indemnification of Gabriel from such liabilities will be fulfilled by, or be enforceable against, such entity.

Compliance with Anti-Corruption Laws

Gabriel is subject to various anti-corruption laws and regulations including but not limited to the US Foreign Corrupt Practices Act 1977, the Canadian Corruption of Foreign Public Officials Act 1999 and the UK Bribery Act 2010. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. Gabriel's primary operations are located in Romania and, according to Transparency International, Romania is perceived as having fairly high levels of corruption relative to the rest of Europe. Gabriel cannot predict the nature, scope or effect of future regulatory requirements to which Gabriel's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose Gabriel and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect Gabriel's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by US, UK, Canadian or foreign authorities could also have an adverse impact on Gabriel's ability to develop the Project or its business, financial condition and results of operations.

As a consequence of these legal and regulatory requirements, Gabriel has instituted policies and procedures with regard to business ethics, which have been designed to ensure that Gabriel and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring Gabriel's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws.

UNESCO World Heritage List

The process for considering a site for inclusion on the UNESCO World Heritage List ("**UNESCO List**") includes: approval by the Ministry of Culture, detailed research to be undertaken to demonstrate the integrity and authenticity of the site with a report concluding that the site is worthy of inclusion on the UNESCO List, and the decision for inclusion on the UNESCO List and support and approval by local stakeholders.

Although such inclusion has been proposed by NGOs in the past, the Company's understanding is that to date the Rosia Montana site had not been put forward for consideration by the Ministry of Culture and consultation with the local community has not occurred.

Nevertheless, if the Rosia Montana site is put forward for consideration for inclusion on the UNESCO List, and is successful, then its inclusion on the UNESCO List could negatively impact Gabriel's development plans, result in additional delays and expenses on its part, and possibly prevent the development of the Project.

Project Development

There are significant risks that the commencement of construction of the new mine could be delayed due to circumstances beyond Gabriel's control. Such risks include delays in acquiring all necessary surface rights, delays in completing the acquisition, permitting and construction of resettlement site(s), delays in obtaining all zoning, land use regulations, environmental, construction, and/or other required permits, approvals and authorizations required to construct and operate the new mine, delays in finalizing detailed engineering and a definitive construction contract, construction cost overruns, availability of all necessary process plant and mining equipment, availability of all necessary engineering services, technical trades and operating personnel, as well as unforeseen difficulties encountered during the construction and commissioning process. In addition, continued opposition to the Project by NGOs, academics, and other special interest groups, could contribute to such delays, result in material additional expenses on its part, or prevent the development of the Project.

Insurance and Uninsurable Risks

Gabriel maintains insurance to protect it against certain risks related to its operations in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. Exploration, development and production operations on mineral properties involve numerous risks including unexpected or unusual environmental and geological operating conditions, rock bursts, rock slides, cave-ins, ground or slope failures, fire, flooding, earthquakes and other natural occurrences, as well as political and social instability, that could result in, amongst other matters, damage to or destruction of mineral properties or producing facilities, personal injury or death, delays in mining, monetary losses and possible legal liability. It is not always possible to obtain adequate insurance protection against all such risks and the Company may elect not to insure against certain risks because of conditions, exclusions, cost or other reasons. Should such a liability arise, where insurance cover is inadequate or does not exist, it could have a material adverse impact on the Company's ability to commence or continue operations, the results of operations and financial condition and could cause a decline in the value of the Company's securities.

Project Financing

While Gabriel has sufficient financial resources to fund the current permitting activities of RMGC, it does not have the financial resources to complete the permitting process, acquire all necessary surface rights, or construct the mine at Rosia Montana. Development of the Company's mineral property interests will be dependent upon its ability to obtain significant additional financing from external sources through joint ventures, equity or debt financing or other means, and although Gabriel has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be acceptable or favourable to it.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the prices of gold and silver, the business performance of the Company, the political, fiscal, investment and operational environment in Romania and other factors outlined herein. Failure to obtain sufficient financing may result in delay or indefinite postponement of the development of Gabriel's projects including the Project with the possible loss of such properties.

Global Economic Conditions

In recent years financial conditions have been characterized by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain equity or debt financing in the future on terms acceptable or favourable to the Company. A period of renewed uncertainty in the world credit markets could make any project debt component of the financing more expensive than anticipated or, in certain cases, unavailable. It is not uncommon for financial institutions to require some form of cost overrun facility, a price guarantee (hedging) program and/or a completion guarantee in association with the provision of project debt finance. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

If such volatility and market turmoil continue, the Company's business and financial condition could be materially adversely impacted.

Dilution

The Company will require additional monies to fund development, construction, operational and exploration programs. The Company cannot predict the size of future issuances of Common Shares (as defined in Part VII) or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. If the Company raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. Sales of substantial amounts of Common Shares, or the availability of such Common Shares for sale, could adversely affect the prevailing market prices for the Company's securities.

Mineral Prices

The Company's future profitability and the viability of development depend upon the market price of gold and silver, amongst other things. The market price of gold and silver is volatile and is impacted by numerous factors beyond the Company's control, including government regulations relating to price, royalties, allowable production and importing and exporting of minerals, expectations with respect to the rate of inflation, the relative strength of the US dollar and certain other currencies, interest rates, global or regional political or economic conditions, supply and demand for jewellery and industrial products containing metals, costs of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold and silver in response to any of the above factors.

There can be no assurance that the market prices of gold and silver will remain at current levels or that such prices will improve. If the market prices for gold and silver fall significantly, it could affect the Company's decision to proceed with further exploration or development and could materially and adversely affect the Company's ability to obtain additional financing for the development of the Project should the circumstances require. Furthermore, the economic prospects of the mineral properties in which the Company has an interest could be significantly reduced or rendered uneconomic.

Gold and silver prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of gold and silver may be produced in the future, a profitable market will exist for the sale of the same.

Currency Fluctuations

The Company's reporting currency is the Canadian dollar, which is exposed to fluctuations against other currencies. The Company's primary operations are located in the Romania and many of its expenditures and obligations are denominated in RON. In addition the Company has and/or will have expenditures and obligations denominated in other currencies including, but not limited to, Canadian dollars, US dollars, EUROS and United Kingdom pounds sterling ("**GBP**"). The Company maintains cash accounts in Canadian dollars, US dollars, EUROS, GBP and RON and has monetary assets and liabilities in US dollars, Canadian dollars, EUROS, GBP and RON. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company does not currently use any derivative products to manage or mitigate any foreign exchange exposure.

Market Price Volatility

The trading price of the Common Shares has been and may continue to be subject to large fluctuations. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, some of which are directly related to the Company's success and some of which are not within the Company's control. Such events and factors include: the price of gold and other metals and minerals, obtaining necessary permits, the public's reaction to the Company's press releases, other public announcements made by NGOs or the Romanian Government and the Company's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Common Shares or the shares of other companies in the mineral resource sector, changes in general political or economic conditions (in Canada or Romania), the number of the Common Shares to be publicly traded after an offering, the breadth of the public market for the Common Shares, the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors, developments that affect the market for all mineral resource sector shares, and the attractiveness of alternative investments.

Ownership of the Common Shares is currently concentrated with a small number of shareholders holding approximately 75% of the Common Shares in issue. Sales of substantial amounts of Common Shares in the public market by the Company's shareholders, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Common Shares and could impair the Company's ability to raise capital through the sale of additional equity or related securities.

The effect of these and other factors on the market price of the Common Shares on the Toronto Stock Exchange ("TSX") where the Company's Common Shares are traded has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future. A decline in the market prices of the Company's securities could also impair the Company's ability to raise additional capital, whether in the form of equity or debt or through other financing arrangements.

Dependence on Management and Key Personnel

Gabriel currently has a small executive management group, which is sufficient for Gabriel's present stage of development. Gabriel's development to date has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop the Project. Loss of any of these people, particularly to competitors, could have a material adverse effect on the Company's business. Further, with respect to the development of the Company's projects, it will become necessary to attract both international and local personnel for this development. The marketplace for skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high-level of technical expertise and experience required to execute this development will affect the Company's and RMGC's ability to employ the specific personnel required.

The failure to retain or attract a sufficient number of skilled personnel could have a material adverse effect on the Company's business, results of operations and financial condition. The Company has not taken out and does not intend to take out key man insurance in respect of any directors, officers or other employees.

Competition

The international mining industry is highly competitive. Gabriel may encounter competition from other mining companies in its efforts to hire experienced mining professionals. Competition for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project development, exploration or construction costs, result in project delays or both.

Enforcement of Civil Liabilities

As substantially all of the assets of Gabriel and its subsidiaries are located outside of Canada, and certain of its directors and officers are resident outside of Canada, it may be difficult or impossible to enforce judgements granted by a court in Canada against the assets of Gabriel or its subsidiaries or its directors and officers residing outside of Canada.

No History of Earnings or Dividends

The Company has no history of earnings and as such the Company has not paid dividends on its Common Shares since incorporation. It currently intends to retain future earnings, if any, to fund the development and growth of its business, and, therefore, investors cannot expect to receive a dividend on their Common Shares for the foreseeable future.

The payment of future dividends, if any, will be reviewed periodically by the Company's board of directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, taxation regimes, business opportunities and conditions and such other factors deemed by the board of directors to be relevant at the time.

Mining Exploration and Development

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for, and the development of, mineral deposits involves significant risks. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Of Gabriel's two mineral properties, only the Project has Proven and Probable Mineral Reserves.

The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, fluctuations in exchange rates, costs of development, infrastructure and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The Company's exploration and development plans may be hampered by permitting, mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies.

Risks involved in the mining operations include unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Furthermore, extreme weather or weather conditions over a prolonged period can adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from any of the Company's projects will depend on the successful establishment of mining operations. Various factors, including costs, actual mineralisation, consistency and reliability of ore grades, and commodity prices affect successful project development, future cash flow and profitability, and there can be no assurance that current or future estimates of these factors will reflect actual results and performance. The design and construction of efficient processing facilities, the cost and availability of suitable machinery, supplies, mining equipment and skilled labour, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants, also can affect successful project development.

Mineral Reserve and Resource Estimates

The Mineral Reserves and Mineral Resources Estimates contained in this Annual Information Form are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals will in fact be realized or that an identified Mineral Reserves or Mineral Resources will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material.

There can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of the projects held by the Company. The estimated Mineral Reserves and Mineral Resources described in this Annual Information Form should not be interpreted as assurances of mine life or of the profitability of future operations.

Gabriel has engaged expert independent technical consultants to advise it with respect to Mineral Reserves and Mineral Resources and basic and detailed engineering, among other things. Gabriel believes that those experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, Gabriel may experience delays and increased costs in developing the Project.

Environmental and other Regulatory Requirements

Environmental laws and regulations affect the exploration, development, mining and processing operations of the Project. These laws and regulations set various standards regulating certain aspects of health and environmental quality.

Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties and, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on RMGC for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations and legislation has a potential to reduce materially the profitability of operations.

RMGC's current exploration activities, including any development activities and commencement of production on its properties, require permits from various local, county and federal governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which may be required for exploration, construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project that Gabriel may undertake. Management of Gabriel believes that RMGC is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies in Romania, or more stringent implementation thereof, could have a material adverse impact on Gabriel and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Infrastructure

Exploration, development, mining and processing activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Gabriel and RMGC will need to have in place reliable and sufficient infrastructure to commence and continue mining operations at the Project. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the development and operation of the Project, and the Company's operations, financial condition and results of operations.

Price Fluctuations of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration and development and mining, such as reagents, natural gas, diesel, oil and electricity, also fluctuate, and these fluctuations affect the costs of production at various operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse impact on the Company's operating costs or the timing and costs of its projects.

Accounting Policies and Internal Controls

Since January 1, 2011, the Company has prepared its financial reports in accordance with International Financial Reporting Standards. In preparation of financial reports, management of Gabriel may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Conflict of Interest

Certain directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors may conflict with the interests of the Company. Directors of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

PART VI DESCRIPTION OF MINERAL PROPERTIES

INTRODUCTION

The Company, through its 80.69% owned Romanian incorporated subsidiary RMGC, is engaged in the exploration and development of precious metal mineral properties in Romania.

At the present time, Gabriel has two mineral projects located in Romania. The Rosia Montana Project is the most advanced and Gabriel is currently at the permitting stage in the process to develop, construct and operate the Project, one of the largest undeveloped gold deposits in Europe. As described in Part IV, the Company's second project, the Bucium Project, it is not deemed a material mining property for the purposes of disclosure in this Annual Information Form.

Gabriel's two Romanian projects are located in or adjacent to the historic "Golden Quadrilateral" area of Romania. This famous mining district in the Apuseni and Metaliferi Mountains of Transylvania covers an area of approximately 900km² immediately to the north of the city of Deva. Historically this constitutes Europe's most important gold producing area

Technical Reports

In 2011, Gabriel commissioned SRK Consulting (UK) Ltd ("**SRK**") to provide a revised technical report to reflect the status of the Project. This report was completed as at October 1, 2012 and included updated capital and operating costs and revenue projections from those last published by the Company in March 2009 ("**2009 Technical Report**") within the context of the current environment for commodity, capital equipment and consumable prices. This revised technical report is dated October 1, 2012 and entitled "*Technical Report on the Rosia Montana Gold and Silver Project, Transylvania, Romania*" ("**Technical Report**"), and was filed in accordance with National Instrument 43-101 (Standards of Disclosure for Mineral Projects) ("**NI 43-101**").

Unless stated otherwise, all information in this Annual Information Form of a scientific or technical nature regarding the Project is derived or extracted from the Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of such report, a copy of which is available on either SEDAR at www.sedar.com or the Company's website at www.gabrielresources.com.

THE ROSIA MONTANA PROJECT

Project Description and Location

The Project is wholly owned by RMGC, in which Gabriel has an 80.69% equity shareholding. The remaining 19.31% of RMGC is owned by Minvest, a Romanian state owned mining company.

The Project is located in west-central Romania near the village of Rosia Montana in Alba County and is within the Rosia Montana mining district. It is located immediately northeast of the town of Abrud, approximately 45km (80km by road) northwest of the regional capital of Alba Iulia, and 60km (90km by road) north-northeast of the city of Deva.

The Project is currently held under exploitation concession license number 47/1999 which covers an area of approximately 23.88km². The concession was granted in June 1999 and has a 20-year term, with provision for successive five-year extensions.

As described in Part III, exploitation concessions confer on the holder the right to explore, exploit, process, refine and trade all mineral substances lying within the concession, as well as the right to use the surface of the land and available water. Minvest, as the original titleholder of the Project and other properties, made an application to the Romanian Government under the then new mining law for an exploitation concession for the Project, which was approved. The formal exploitation concession for the Project was granted to Minvest in June 1999. The terms and conditions of the concessions provided for the transfer of the property from Minvest to RMGC. This limited RMGC's involvement in the closure of the current mining operations run by the State, and left related liabilities (such as environmental issues and redundancy packages) to State bodies.

The Project is an advanced stage gold and silver project, which has been the subject of several feasibility studies. The construction of the Project is awaiting permitting and financing. RMGC intends for the Project to be constructed on an EPCM basis. The Project, as currently envisaged, will comprise an open pit mine and a processing plant comprising primary crushing, SAG and ball milling, cyanidation and adsorption onto activated carbon followed by electrowinning.

The deposit itself consists of several, mostly dacite-dominated, mineralised bodies located within a diatreme-maar complex. The two largest orebodies; Cetate and Carnic, are characterised by the presence along with the gold of finely disseminated pyrite mineralisation hosted by dacite porphyry. A further six orebodies contribute to the total resource, namely Orlea, Carpeni, Carnicel, Cos, Jig and Igre.

As a result of historical mining activities (as described below), several abandoned waste dumps and tailings ponds exist on the Rosia Montana property. In addition, approximately 140km of historical underground workings, some dating from Roman times, have been identified and acid rock drainage continues to be produced from the historical openings and dumps which currently discharge, untreated, into local streams. RMGC proposes to treat these effluents as part of its normal operating procedures.

For a description of surface rights pertaining to, and the permits required for, the Project, see the section entitled "*Permitting Process for the Project*" in Part IV.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Rosia Montana mining district is readily accessible via a well-developed network of roads and includes a number of community access, logging and mining property roads and tracks, which permit vehicular access to most areas. The village of Rosia Montana and the nearby town of Abrud are the two main centres housing staff and associated infrastructure for the Project.

The climate of the area is designated as continental temperate and is characterised by hot summers, cold winters, significant snowfalls, and annual rainfall averaging 745mm.

The Project site is well serviced by existing service infrastructure including an existing twin circuit power line which traverses the Project site and the availability of fresh water from a new pumping station on the Aries River. In addition, two sources for construction materials have been identified within the Project site.

The Project area is characterised by a partly forested, hilly landscape with elevations ranging between 500 and 1,000 masl and valleys ranging in depth from 100 to 200 metres.

Mining and Exploration History

Mining History

The Project has been mined since Roman times but this activity has been concentrated during the following four principal periods:

- (i) Roman era;
- (ii) Austro-Hungarian Empire (end of the 17th century to 1918);
- (iii) Inter-war period (1918-1939); and
- (iv) Modern era (1947 to present).

While the high-grade quartz veins and breccias at Cetate and Carnic were mined both from the surface, and to a limited extent from underground, during Roman times, most of the historic underground development and peak gold production occurred during the period of the Austro-Hungarian administration.

A more modernised method of underground mining was undertaken by the Romanian State from the early 1960s up until 1985. Underground mining during this period was carried out from strike development along individual quartz veins (predominantly at Orlea, Tarina, Carnicel, and also within Cetate and Carnic) and room and pillar mining within breccias and dacite at Cetate and Carnic.

In 1970, open-pit mining commenced at Cetate, extracting ore from new mining areas, but also recovering remnant pillars from the previous room and pillar mining areas. The open-pit was subsequently extended to the southwest to access ore hosted within the dacite at Cetate. Open-pit mining at Cetate ceased in 2006. Open-pit mining was also conducted on the western side of Carnic from 2000 until early 2004.

Exploration History

Exploration during the 1970s and 1980s was undertaken under the control of the Romanian state companies S.C. Minexfor S.A. ("**Minexfor**") and Regia Autonoma a Cuprului Deva (now known as Minvest). Samples collected during this period were routinely annotated onto plans and sections and gold and silver assays recorded by hand in assay ledgers. In 1984, a "feasibility study" was compiled by Minvest based on information acquired from exploration carried out up to 1984. This essentially comprised the compilation of the available data into a series of maps, plans, sections and tables.

In 1992, Minexfor completed an 18-hole diamond drilling program at Vaidoiaia-Jig to confirm and extend the findings of previous exploration carried out at Vaidoiaia and the previous feasibility study was then updated to reflect this.

Geology

Regional Geology

Geologically, Romania is comprised of four Mesozoic and older terranes exposed in the Carpathian Mountains which wind through the country from the north to the southwest. An area of some 900km² of the Apuseni Mountains just north of Deva is known as the Golden Quadrilateral. Historically this constitutes Europe's most important gold producing area. The Project is located in the centre of the Apuseni Mountains, and within the northern-most of three northwest trending belts of volcanism found in the Golden Quadrilateral. The Mesozoic host rocks are dominantly Cretaceous black shale and sandstone sediments and these are overlain by Miocene sediments and tuffs.

Local Geology

The Rosia Montana deposit itself consists of several, mostly dacite-dominated, mineralised pipes located within a diatreme-maar complex consisting of a tuffaceous vent breccia. Mineralisation in the area comprises veins, disseminated sulphides, stockworks and breccia fillings. Grades vary between 0.5 and 2.0 g/t gold, with some localised gold grades of over 30 g/t occurring in veins and breccias. The two largest orebodies within the area are Cetate and Carnic, which are characterised by finely disseminated pyrite within dacite porphyry.

Together, Cetate and Carnic contribute approximately 63% of the Measured and Indicated Mineral Resource presented in the Technical Report. There are, however, six further orebodies that contribute to the total resource: Orlea, Carpeni, Carnicel, Cos, Jig and Igre. The mineralisation encountered in these deposits is similar to that of Cetate and Carnic, comprising dacite porphyry hosted disseminated pyrite, sub-vertical breccia zones, and crosscutting veins.

Structure has played an important role at the Project supplying, firstly, dilation for the emplacement of the maar-diatreme complex and, secondly, the structural permeability up which the mineralising fluids flowed. Two types of structures have been identified at the Project, regional scale faults and more localised faulting related to the formation of the diatreme.

The Project deposits are hosted within an extensive zone of strong hydrothermal alteration. The distribution of alteration assemblages is quite complex, however, it can be simplified down to the following groupings: chlorite-carbonate-smectite alteration; phyllic-argillic alteration; QIP (quartz-illite-pyrite) alteration; quartz-adularia replacement; and silicification.

Mineralisation

The gold and silver mineralisation at the Project is associated primarily with sulphides, and approximately 80% of the gold occurs in free form. Pyrite and associated gold and silver are disseminated throughout the mineralised bodies providing a low background grade and are also concentrated in 1 to 10cm scale veinlets, which occur as stockworks. The frequency, intensity and orientation of the veinlets are variable although they tend to be more prolific where alteration intensity increases and it is this process that has concentrated metal in the central highly altered cores at Cetate and Carnic.

There are several different styles of mineralisation at the Project and these are described in turn below:

- (i) *Dacite hosted mineralisation* - this style of mineralisation is characterised by wide zones of finely disseminated sulphide (pyrite) hosted within dacite porphyry. QIP and silica-adularia alteration are distinctive features of the mineralised dacite and the best indicator of gold and silver grade. Narrow, usually widely spaced, stockwork veining is always present but is minor in terms of contained gold and silver. The individual veins are generally steeply dipping, discontinuous and less than 1m wide though in places the veins have blown out into narrow hydrothermal breccia pipes. Significant gold mineralisation of this style occurs at Cetate, Carnic, Carpeni, Gauri, Cos and parts of the Vaidoiaia zone.
- (ii) *Sub-vertical breccia zones crosscutting dacite intrusive bodies* – these mineralised breccias are commonly of mixed lithology and are considered to represent structurally controlled phreato-magmatic breccias. The mineralisation occurs within strongly silicified alteration zones which contain low to moderate amounts of disseminated fine-grained sulphide within both the matrix and breccia clasts. Cetate and Carnic contain mineralisation of this style.

- (iii) *Disseminated and vein hosted gold-silver mineralisation within vent breccia* - a significant amount of the gold-silver mineralisation is hosted by the vent breccia surrounding the dacitic intrusions. This mineralisation is characterised by silicification and finely disseminated pyrite and by infrequent, and generally narrow veining. Examples of this style of mineralisation are present at Carnicel, Vaidoaia, Jig, Igre, Orlea and Tarina.
- (iv) *Diatreme breccia pipe hosted mineralisation* - this type of mineralisation is hosted by the sub-vertical diatreme breccia pipes at Igre and Jig. It is characterised by intense, pervasive silicification of both the breccia matrix and the diatreme breccia clasts. Disseminated pyrite is also pervasive within the matrix and clasts and sometimes completely replaces the black shale clasts. Zones of rhodochrosite have also been identified, occurring within the matrix of the diatreme breccia.
- (v) *Cretaceous sediment hosted mineralisation* - this mineralisation has been identified at Igre, Gauri, East Carnic and Cos. The mineralisation occurs directly below the vent breccia-Cretaceous sediment contact and is usually hosted by shale, sandstone and less frequently by conglomerate beds. The mineralisation is characterised by both silicification and pervasive fine-grained disseminated pyrite and in some areas (Igre, Gauri and East Carnic) by hydrothermal crackle brecciation that varies from mm-width widely spaced spidery crackle breccia through to more intense mosaic (jigsaw) brecciation. Clasts are always very angular and made up of locally derived sediment. The brecciation can be over 50m thick and tends to be most intense close to the vent breccia-Cretaceous contact. The breccia matrix is typically vuggy and crystalline, some coliform banding has been observed and up to five phases of mineralisation can be present. The mineralisation is dominated by carbonate (both calcite and rhodochrosite), quartz and pyrite with galena and sphalerite not uncommon and rarer chalcopyrite.

Exploration

All exploration data collected at the Project prior to 1998 was undertaken by Romanian State companies. However, since 1998 exploration has been undertaken under the management of RSG Global of Perth, Western Australia ("**RSG**") in close consultation with RMGC field staff and management. This information was used to derive the Mineral Resource Estimates presented in the Technical Report.

All surveying, topography, underground workings, and drill hole collars for the Project are reported to be based on the Stereo70 grid system. Aerial photography was flown by RMGC as part of the feasibility study with the topography generated by licensed surveyors Spectrum Survey and Mapping (Spectrum) of Perth, Australia. This has been superseded by a LiDAR topographic survey undertaken by Fugro in 2010.

The exploration work itself has comprised reverse circulation (RC) and diamond (DD) drilling from surface, along with underground channel sampling of all accessible underground drives and crosscuts. Surface channel sampling was also undertaken to extend the known surface geochemical and assay database. During 2000, a programme of underground DD drilling was undertaken from the lowest accessible level in the Cetate and Carnic underground development.

The channel sampling was completed on 1m intervals from all the accessible and safe drives within the Rosia Montana deposit, and from surface channels and pits. The widths and depths of each channel were measured and samples were routinely weighed prior to final bagging in order to maintain an even sample size and to avoid sampling bias in harder rock types. The average channel sample weight was maintained at 3.7kg. In total the Company completed some 1,688 runs of channel sampling totalling some 71,952m and this now provides an approximate 30m spaced network of sample lines in the cores of the main orebodies.

The extent of the underground workings has been determined from digitised historical plans. Check surveying of portals and traverses within the underground development has confirmed the accuracy of these. In addition, during the validation of the underground survey traverses undertaken by Spectrum, all visible start points for the channel samples were surveyed and were subsequently compared with those recorded in the underground channel sampling three-dimensional database.

Subsequent to May 2005, some additional geotechnical drilling has been undertaken and additional underground channel sampling completed. This data was collected subsequent to the cut-off date for the data used to derive the Mineral Resource Estimate presented in the Technical Report but is not material in the context of the size of the database as a whole and no additional resource estimation studies have been completed incorporating this.

Drilling

The RSG sample database, on which the Mineral Resource Estimate presented in the Technical Report is based, comprises information from the following drilling (in addition to the information from the underground sampling commented upon above):

- 348 DD drill holes totalling some 31,905m
- 629 RC drill holes totalling some 75,436m
- 131 RC pre-collar diamond drill holes totalling some 29,237m

The drilling was undertaken by Genfor SRL, the Romanian subsidiary of RB Drilling Ltd. The company used a variety of RC, DD and multi-purpose drill rigs.

All surface and underground drill holes have been downhole surveyed using Eastman or Sperry Sun single-shot cameras, based on a downhole interval of approximately 50m. Due to ground conditions, many RC holes had to be surveyed inside the drill rods, resulting in the production of dip measurements only, rather than dip and azimuth measurements. Some RC holes have been surveyed after the removal of the drill rig, using PVC piping to protect the Eastman single-shot cameras. In these cases the PVC piping was lowered down the hole as far as possible and camera shots were taken at 50m intervals.

Drill core recoveries were calculated by comparing the measured length of recovered core with the distance recorded on the core blocks between each drill run. Core recovery for samples in the database is on average in excess of 95%, except for the 2002 geotechnical drilling, which averaged 86%. SRK considered the core recovery to be acceptable. In the case of DD, where poor ground conditions were encountered, a triple tube core barrel, sub-three metre core runs and specialised drilling mud were used to maximise core quality. All core was photographed prior to sampling. The surface drilling as a whole now provides coverage on an approximate 80 x 80m grid over most of the well mineralised parts of the deposit, with frequent areas of infill drilling reducing the sample spacing to an average of 40 x 40m. Underground drilling has allowed areas with no channel samples or with a low density of surface drilling coverage to be properly explored.

Sampling Preparation, Analyses and Security

The DD core was marked off at 1m intervals and sampled to produce half-core (lengthways) using a diamond core saw. RC samples were routinely collected at 1m intervals and the cuttings split with a Jones riffle splitter. Field duplicates were taken via the splitter every 20 samples. The bags of cuttings were routinely weighed prior to taking the sub-sample via the Jones riffle splitter. Sample weights were routinely measured on a meter-by-meter basis as part of the standard reverse circulation drilling procedures.

Random replicate samples (10%), whereby a sample taken from the LM5 pulveriser was sub-sampled and assayed twice, and second split samples (approximately 10%), whereby two individual samples were taken from the LM5, were taken for quality control.

Samples were prepared and assayed at the on-site, custom built, laboratory managed by SGS Ltd. (formerly Analabs Pty. Ltd.) ("SGS"), an internationally accredited assay laboratory group. All drill hole and channel samples were crushed and milled to 85% passing 75 microns in an LM5 pulveriser. Core samples were crushed with a jaw crusher before pulverising. 300 g scoop samples were taken from the bowl of the LM5, with the remainder of the sample pulp being stored. 50g sub-samples were submitted for fire assay, with an atomic absorption spectrometry (AAS) finish. A normal fire assay batch consisted of 50 assays, comprising 40 original samples, 4 replicate samples, 3-second split samples, 2 standards and a blank. Prills were digested in aqua regia to dissolve the gold and silver and the solution was then assayed by AAS and the results were back-calculated to provide the sample assay result.

Check samples were also sent to external laboratories and in total approximately 1,500 samples were checked externally at SGS in Perth and ALS Chemex (Bondar Clegg) in Canada.

A variety of sample types were used to generate a dataset of sulphate assays. Although the distribution of sulphate assays covers the orebodies scheduled to be mined, the high-grade core areas are underrepresented. Given the importance of sulphate assays in the metallurgical recovery algorithms applied in the revenue determinations, and notwithstanding the fact that SRK considers the assumptions made by Gabriel in this regard for the purpose of its production planning to be appropriate, SRK has recommended to Gabriel that further work be carried out prior to the commencement of mining to confirm that the highly altered core areas do not have materially different sulphide / sulphate ratios. As the sulphide ores are more refractory, an increase in the sulphide / sulphate ratio would result in a decrease in the metallurgical recovery and vice-versa.

A total of 6,213 density determinations have been carried out since January 1998, on both diamond drill core samples and hand specimens obtained from underground development. The determinations themselves were undertaken at the Cepromin laboratory in Deva, Romania, which is a commercial laboratory previously run by the Romanian Government prior to privatisation.

Samples were collected and data recorded according to detailed mineralised zone location, lithology and style and intensity of alteration. Diamond core samples were prepared by 'squaring off' the ends of approximately 15cm billets of half core. Bulk density determination was by standard water immersion method with each sample coated in wax prior to immersion. Standard laboratory samples were used to calibrate the scales between each measurement. All samples were returned to site and the samples placed back into the core trays, without removing the wax coating, as a record. Results are supplied in hardcopy format with the bulk density measurement reported to two decimal places.

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

SRK did not independently re-estimate Mineral Resources for Rosia Montana, but rather reviewed and commented upon the quantity and quality of the underlying data and the methodologies used by RSG to derive the estimates previously reported in the 2009 Technical Report and, as part of this, undertook a series of check calculations.

The table below summaries SRK's audited Mineral Resource Statement based on a 0.4 g/t cut-off grade. SRK reports this to have been reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines (CIM Standards). The only material difference between this and the Mineral Resource derived by RSG is that it has been reported at a lower cut-off grade.

Resource Category	Tonnage (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Au Metal (Koz)	Ag Metal (Koz)
Measured	171.5	1.32	8	7,260	43,160
Indicated	341.2	0.90	3	9,890	37,960
Measured and Indicated	512.7	1.04	5	17,142	81,117
Inferred	44.8	0.98	3	1,420	4,100

Mineral Reserves

The table below summaries SRK's audited Mineral Reserve Statement. This reflects the ore planned to be mined as assumed by the economic model presented in the Technical Report. SRK considers this statement to be in accordance with the guidelines and terminology provided in the CIM Standards. This Mineral Reserve is the same as that presented in the 2009 Technical Report which reflects the fact that various pit limit constraints (physical features including permitting related protected areas and historic buildings) have been retained.

Resource Category	Tonnage (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Au Metal (Moz)	Ag Metal (Moz)
Proven	112.5	1.63	9.01	5.9	32.6
Probable	102.5	1.27	4.55	4.2	15.0
Total	214.9	1.46	6.88	10.1	47.6

Notes:

- (1) Disclosure of Mineral Resources and Mineral Reserves for the Project is derived from the Technical Report. The Mineral Resource and Mineral Reserve Estimates reported therein have been estimated by RSG and audited by SRK. The work undertaken by SRK in compiling the Technical Report has been managed and reviewed by Dr. Mike Armitage, Group Chairman of SRK, a 'Qualified Person' (QP) as defined by NI 43-101 guidelines.
- (2) Mineral Reserves and Mineral Resources are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines" as per the requirements of NI 43-101.
- (3) The Mineral Resources Estimate set out above use a 0.4 g/t gold cut-off.
- (4) Numbers may not total due to rounding errors used in some of the calculations.
- (5) Mineral Reserves and Mineral Resources are mine and property totals and are not limited to Gabriel's proportionate interests in the Project.
- (6) All quoted Mineral Resources are inclusive of the Mineral Reserves.
- (7) The Mineral Reserves reflects the portion of the Mineral Resources planned to be mined, inclusive of mining dilution and losses and falling within the designed pits. All of the Mineral Resources have the potential for eventual economic extraction.
- (8) Development of the Project is dependent on successful permitting.

Exploration Potential

The lateral limits to the orebodies explored to date are largely determined by the extent of drilling and therefore there is potential for the discovery of further mineralisation with additional drilling. Most notably, SRK commented that further exploration is justified to explore the extensions to the Orlea, Carnic and Igre orebodies and, while the Company is currently focussed on permitting the Project and, accordingly, there are no planned activities in relation to exploration and upgrading Mineral Resources but outline drilling budgets have been developed for this work.

Proposed Mining Operations

Mining Method

The Project has been planned as a conventional open-pit mining operation producing and delivering gold and silver bearing ores to the processing plant located immediately adjacent to the mine site.

Throughput

Mining will provide for an average ore processing throughput rate of 13.8 Mtpa over a project life of 15.6 years. The current mine plan contemplates a cut-off strategy pursuant to which the mine is operated for the first six years of production at elevated cut-off grades with material between 0.8-1.0 g/t being stockpiled for processing at the end of the life of the mine. The plan results in the head grades for the first five years of production being on average 1.9 g/t gold. The mine plan produces a mine operating life of approximately 14 years through the selection, production and processing of higher grade material in the initial years of operation, while stockpiling lower grade material (at an average grade of 0.9 g/t gold). Once active mining operations cease during year 14, the 29.4 million tonne stockpile of lower grade material will be reclaimed and processed during the remaining project life. As the mine plan schedules the Carnic, Orlea and Jig pits to be mined out prior to the Cetate pit, the Carnic, Orlea and Jig pits will be backfilled with waste rock in the later years of the mine life.

Mine Scheduling

Mining is scheduled to commence at Cetate and Carnic, as they are situated closest to the process plant and together comprise the majority of the Proven Mineral Reserve and Probable Mineral Reserve. Mining at Carnic will be completed in Year 9 with Cetate continuing for the remainder of the mine life. Mining at Orlea and Jig will begin in year 8 and 9 respectively of the mine life.

Waste Management

A total of approximately 257 million tonnes of waste rock material will be removed from the four open-pits during the mine life of the Project, giving a life of mine average waste/ore stripping ratio of 1.2 tonnes of waste per tonne of ore. During the initial nine years of mine life, waste will be deposited on one of the two principal waste dumps, being the Carnic waste dump located south of the Carnic open-pit, and the Cetate waste dump, located to the west of the Cetate open-pit. Starting in year ten, the Carnic pit will be backfilled with waste material as will the Orlea and Jig pits upon completion of mining in years 12 and 11, respectively.

Process Plant

The material planned to be processed has been shown to be partially refractory with the precious metals associated with, and partially locked in, sulphide minerals, mainly pyrite. Despite the partially refractory nature of the ore, a relatively conventional free milling gold recovery plant has been shown to be effective. The flowsheet selected incorporates primary crushing, SAG and ball milling, cyanidation and adsorption onto activated carbon. A gravity recovery circuit has been incorporated into the milling circuit for recovery of free gold and continuous elution circuits have been selected for the treatment of the loaded carbon. Overall recoveries around 80% for gold and 60% for silver are forecast over the life of the mine although these vary significantly dependent on the ore source (Carnic, Cetate, Jig or Orlea pits), the feed grade for gold and silver and the sulphide sulphur level in the feed.

Tailings slurry will be thickened and subject to cyanide detoxification prior to discharge to the tailings management facility ("**TMF**").

Tailings Management Facility

The TMF has been sized to contain 250 Mt of material and will be created by constructing a single dam in the Corna Valley, located south of the process plant and planned pits and west of the proposed waste rock dumps.

At the start-up of operations, the TMF will consist of a cofferdam (constructed to elevation 682 masl) that will be encompassed within the TMF Starter Dam ("**Starter Dam**") (constructed to elevation 739 masl), both of which will be contained within the upstream toe of the main tailings dam. The Starter Dam has been designed as a water retaining structure in perpetuity, as the maximum phreatic surface has been modelled to be at about its crest.

The Starter Dam will be constructed with chimney drains on either side of the central clay core. A drain blanket will be installed at the base of the Starter Dam downstream of the centreline (and continue to the downstream toe of the ultimate dam footprint), and will capture seepage and relieve pore pressures. The tailings dam will be raised vertically each year after the 'Stage 2' Starter Dam has been completed, using a centreline method of construction. The downstream slope of the dams will be overall 3 horizontal to 1 vertical (3H:1V), and will be constructed from tailings on the upstream side and waste rock on the downstream side, separated by filter material.

A Secondary Containment Dam ("**SCD**") will be constructed downstream of the main rockfill dam during initial operations. A series of semi-passive treatment lagoons will be constructed below the SCD and are intended to treat seepage water, runoff water from the face of the TMF dam or excess water stored in the TMF reclaim pond.

Summary of the Technical and Economic Aspects

A summary of the technical and economic aspects of the proposed open-pit mine at the Project, derived from the Technical Report which was prepared and calculated for 100% of the Project, is as follows:⁽¹⁾

	Mine Life	
Estimated Mine Life	16 years	
	Capital Costs⁽²⁾	
Initial Capital Costs (US\$'m)	1,400	
Sustaining Capital Costs (US\$'m)	571	
Closure Costs (US\$'m)	146	
	Average Annual Production	
	Initial 60 Months	Life of Mine
Gold (Koz)	610	485
Silver (Moz)	2.6	1.7
	Operating/Production Costs	
	Initial 60 Months	Life of Mine
Average Operating Costs (US\$/t) ⁽³⁾	19.09	16.97
Unit Cash Costs of Gold Production (US\$/oz) ⁽⁴⁾	320	399
	Sensitivity Analysis⁽⁵⁾	
	US\$1,200/oz for gold and US\$20/oz for silver	US\$1,800/oz for gold and US\$35/oz for silver
Undiscounted Cash Flow (US\$'m)	3,606	7,699
NPV at a 10% Discount Rate (US\$'m)	865	2,494
Internal Rate of Return (%/year)	19.6	32.5
Payback of Initial Capital Outlay	Year 4	Year 2

Notes:

- (1) These statistics are derived from the Technical Report.
- (2) These updated estimates are a combination of first principle estimates, quotes and escalations of previous estimates. Overall the initial capital costs have increased by US\$524m and the sustaining capital costs have increased by US\$205m since the 2009 Technical Report.
- (3) These numbers assume a royalty of 4% payable to the State Budget of Romania based on total gross revenue; a refining deduction of 0.2% of total gold produced and 0.75% of total silver produced; a refining charge of US\$0.80/oz payable gold and transport and treatment charge of US\$0.53/oz payable gold and silver but exclude silver credits.
- (4) These numbers exclude corporation tax, working capital and VAT movements and include silver credits.
- (5) These numbers are post-tax, pre-finance life of mine results.

Recent Exploration and Development Activities

As described above, Gabriel has advanced the development of a new large scale open pit mine at the Project during 2012 through an update to the capital and operating cost estimates for the Project in an updated NI 43-101 technical report.

During 2013, Gabriel's activities relating to the Project will focus on: (i) re-engaging with the Romanian Government to understand what it requires to move the permitting process forward; (ii) completing the EIA process for the Project and, ultimately, receipt of the Environmental Permit; (iii) progressing substantially the endorsement approval processes for an amended zonal urbanism plan designating an industrial zone under the footprint of the Project and for a zonal urbanism plan for a historical protected area; (iv) obtaining a new urbanism certificate to replace the Project's existing urbanism certificate which is due to expire in April 2013; (v) recommencement of the program to acquire all necessary surface rights; (vi) initiating processes for the approval of applications for land use changes and construction permits; (vii) continued defence of court cases brought against RMGC and intervening, where appropriate, in such cases brought against the Romanian authorities in relation to the permitting of the Project; and (viii) re-initiating financing activities for the Project.

There are significant risks that Gabriel's proposed development activities for 2013 could be delayed due to circumstances beyond Gabriel's control. Reference is made to the section entitled "*Three Year History*" in Part I, the sections entitled "*Permitting Process for the Project*" and "*Legal Challenges to the Project*" in Part IV and the section entitled "*Risk Factors*" in Part V.

**PART VII
CAPITAL STRUCTURE, DIVIDENDS, MARKET FOR SECURITIES
AND PRIOR SALES**

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

Authorized and Issued Shares

The authorized capital of Gabriel consists of an unlimited number of common shares without par value ("**Common Shares**") and an unlimited number of preferred shares, issuable in series, of which 380,540,190 Common Shares and no preferred shares are issued and outstanding as at the date of this Annual Information Form.

Common Shares

The holders of Common Shares are entitled to one vote per Common Share at all meetings of shareholders of Gabriel, to receive dividends as and when declared by the directors, and to receive a pro rata share of the remaining property and assets of Gabriel in the event of liquidation, dissolution or winding up of Gabriel. The Common Shares have no pre-emptive, redemption, purchase or conversion rights. There are no sinking fund provisions in relation to the Common Shares and they are not liable to further calls or to assessment by Gabriel. The Yukon Business Corporations Act ("**YBCA**") provides that the rights and provisions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of shares of that class.

Preferred Shares

The preferred shares as a class rank senior to the Common Shares as to the payment of dividends and the distribution of property and assets on the liquidation, dissolution or winding-up of Gabriel. Holders of preferred shares are not entitled to any voting rights as a class except as may be provided under the YBCA and except that the directors of Gabriel are empowered to attach to any series voting rights relating to the election of directors on a default in payment of dividends.

The preferred shares are issuable in one or more series, each consisting of such number of preferred shares as may be fixed by Gabriel's directors. Gabriel's directors may from time to time, by resolution passed before the issue of any preferred shares of any particular series, alter the constating documents of Gabriel to determine the designation of the preferred shares of that series and to fix the number of preferred shares therein and alter the constating documents to create, define and attach special rights and restrictions to the preference shares of that series, including, without limitation, the following: (i) the nature, rate or amount of dividends and the dates, places and currencies of payment thereof; (ii) the consideration for, and the terms and conditions of, any purchase of the preferred shares for cancellation or redemption; (iii) conversion or exchange rights; (iv) the terms and conditions of any share purchase plan or sinking fund; and (v) voting rights and restrictions.

Other Securities

Stock Options

Gabriel's incentive stock option plan ("**Stock Option Plan**") provides that Gabriel's board of directors may grant to directors, officers, employees and consultants of the Gabriel Group incentive stock options ("**Stock Options**") to purchase from Gabriel a designated number of authorized but unissued Common Shares. The exercise price of the Incentive Stock Options equals the five-day volume weighted average closing price of the Common Shares on the TSX prior to the date of the option grant. The majority of Stock Options vest on specific performance milestones or over three years and are typically exercisable over five years from the date of issuance.

The maximum number of Common Shares which may be reserved for issuance under the Stock Option Plan and all share based compensation arrangements of the Company (including the DSU Plan and RSU Plan (as defined below)) shall not exceed 10% of the Common Shares of the Company issued and outstanding from time to time.

During the year ended December 31, 2012 a total of 3,818,333 Stock Options were granted by the Company as follows:

Date of Grant	Number of Stock Options	Exercise Price per Stock Option
February 9, 2012	2,168,333	\$5.77
April 16, 2012	50,000	\$1.92
June 2, 2012	675,000	\$1.92
August 2, 2012	925,000	\$1.85

As at March 12, 2013 a total of 27,347,838 Stock Options were held by the Gabriel Group's directors, officers, employees and consultants.

Deferred Share Units

The Company's deferred share unit plan ("**DSU Plan**") provides that Gabriel's board of directors may permit directors and specified executive officers of the Gabriel Group to elect to receive a portion of their compensation, including annual retainers, meeting fees or employment earnings or bonuses, in the form of deferred stock units ("**DSUs**") in lieu of cash.

A maximum of 3,000,000 DSUs may be issued under the DSU Plan. Under the DSU Plan, DSUs are issued to the recipient based upon the value of the underlying Common Shares at the date of grant. Upon retirement from the Board or cessation of employment, the recipient's DSUs are redeemed for cash based upon the then current price of the underlying Common Shares.

During the year ended December 31, 2012 a total of 42,436 DSUs were issued by the Company as follows:

Date of Grant	Number of DSUs	Grant Price per DSU
January 9, 2012	3,252	\$6.15
April 19, 2012	6,264	\$4.79
June 30, 2012	18,634	\$1.61
September 30, 2012	14,286	\$2.10

As of March 12, 2013 a total of 591,714 DSUs have been granted by Gabriel to certain of its directors and officers.

Restricted Share Units

Gabriel's restricted share unit plan ("**RSU Plan**") provides that Gabriel's board of directors may grant to directors, officers, employees and consultants of the Gabriel Group, compensation, including retainers, fees or employment earnings or bonuses, in the form of restricted share units representing Common Shares ("**RSUs**") in lieu of cash.

A maximum of 2,500,000 RSUs may be issued under the RSU Plan. RSUs are issued under the RSU Plan to the recipients based upon the value of the underlying Common Shares at the date of grant. RSUs may have a term of up to five years and vesting conditions at the discretion of the board of directors, set at the date of the grant. Upon vesting, the recipient's RSUs must be settled for an equivalent number of Common Shares or cash (based upon the then current price of the underlying Common Shares) within ninety (90) days.

During the year ended December 31, 2012 a total of 76,258 RSUs were issued by the Company at a grant price of \$5.77 per RSU.

As of March 12, 2013 a total of 50,839 RSUs were held by the Gabriel Group's directors, officers, employees and consultants.

Warrants

No warrants in the Company remain outstanding as at the date of this Annual Information Form.

DIVIDENDS

Gabriel has not paid any dividends on its Common Shares since its incorporation, nor has it any present intention of paying dividends for the foreseeable future, as it anticipates that all available funds will be used to undertake exploration and development programs on its mineral properties as well as the acquisition of additional mineral properties.

MARKET FOR SECURITIES

Gabriel's Common Shares are listed and posted for trading on the TSX under the symbol GBU. Gabriel's Common Shares were listed on the TSX on September 29, 2000. The following table sets forth the high and low sales prices and volume of trading of the Common Shares of Gabriel on the TSX for the most recently completed financial year.

Month – 2012	High (\$)	Low (\$)	Volume
January	6.77	5.59	6,874,880
February	6.30	5.46	5,376,740
March	6.20	4.57	13,572,072
April	4.99	2.50	22,996,557
May	2.62	1.27	24,683,094
June	2.77	1.49	10,977,446
July	1.95	1.59	9,135,365
August	2.79	1.75	8,327,880
September	2.61	1.78	16,687,153
October	2.45	1.92	5,837,398
November	2.94	2.32	6,367,343
December	2.90	2.23	4,463,211

PRIOR SALES

During the financial year ending December 31, 2012, a total of 0.9 million Common Shares were issued from treasury upon the exercise of incentive stock options for total proceeds to Gabriel of \$2.7 million.

Save as disclosed in this Annual Information Form, no other securities of Gabriel were issued during 2012.

**PART VIII
DIRECTORS AND OFFICERS**

NAME, OCCUPATION AND SECURITY HOLDING

The following table sets out the name, municipality of residence, position held with the Company and principal occupation for the past five years of each of the directors and executive officers of the Company. The note to the table discloses the members of each committee of the Board.

Name and Municipality of Residence	Principal Occupations During Past Five Years	Position with Company
Richard Brown Newbury, Berkshire UK	Richard Brown is the Chief Commercial Officer and Corporate Secretary of Gabriel with responsibility for its commercial operations and regulatory compliance. Mr. Brown joined Gabriel in March 2011 following over 18 years in corporate advisory positions specialising in public company mandates, capital markets and regulatory advice, notably at the London Stock Exchange, KPMG and more recently the mining focused investment bank, Ambrian Partners Limited, where he was Head of Corporate Finance for 4 years and latterly the Chief Operating Officer.	Chief Commercial Officer since March 9, 2011 and Corporate Secretary since June 16, 2011
Dag Cramer ⁽⁵⁾ London UK	Dag Cramer is the CEO of Onyx Financial Advisors UK, a company providing financial advisory services. Prior to joining Onyx in 2003, he worked for Anglo American PLC as a management trainee commencing in 1989 followed by 3 years as executive assistant to the Deputy Chairman and CFO. His subsequent senior roles within that group included responsibility for the group's treasury operations as well as its investment activities and risk management activities after its listing in London. Mr. Cramer is currently a director of several private and unlisted public companies including BSG Capital Markets PCC Limited and BSG Resources Limited.	Director since June 21, 2012
Ed Flood ⁽¹⁾⁽⁴⁾ Monaco, Monaco	Raymond Edward Flood is the founder and Chairman of Concordia Resources Corp., formally known as Western Uranium Corp. Mr. Flood also serves as a director of Baker Steel Resources Trust. Prior to his work at Concordia Resources Corp., he worked with Haywood Securities in differing capacities, most recently as the Managing Director of Investment Banking in London, with a focus on natural resources development. Mr. Flood received a Bachelor's degree in Geology from the University of Nevada, followed by a Masters in Geology from the University of Montana.	Director since June 1, 2010

Name and Municipality of Residence	Principal Occupations During Past Five Years	Position with Company
Dr. Alfred Gusenbauer ⁽³⁾ Vienna, Austria	Dr. Alfred Gusenbauer is the former Federal Chancellor of Austria and was a member of the European Council. Dr. Gusenbauer holds a PhD in political science from the University of Vienna. In addition to a long career in politics in Austria and Europe, he also works in academia as a Professor-at-Large at Brown University and is a Visiting Professor at the Institute for Global Law and Policy at Harvard University. Dr. Gusenbauer is currently the CEO of Gusenbauer Projektentwicklung and Beteiligung GmbH and Chairman of STRABAG SE, Signa Prime Selection AG and Cudos Capital AG.	Director since June 18, 2010
Jonathan Henry Basingstoke, Hampshire UK	Jonathan Henry is the President and Chief Executive Officer of Gabriel. Mr. Henry has 18 years' experience in the mining industry successfully executing on exploration, development, operational and M&A activities. Formerly, Mr. Henry was the CEO of Avocet Mining, a London listed gold mining company with assets in West Africa and South East Asia. Mr. Henry served as the CEO of Avocet from 2006 until May 31, 2010. Prior to that, Mr. Henry served as Avocet's Finance Director from 2002 until becoming the CEO in 2006	President and Chief Executive Officer since June 7, 2010 and Director since June 1, 2010
Keith R. Hulley ⁽⁴⁾ Laguna Beach, California USA	Keith Hulley is the current Chairman of the Board of Gabriel, is the former Interim CEO of Gabriel and has been a member of the Gabriel Board since 2006. Previously, Mr Hulley served seven years successively as President, Chief Executive Officer and Executive Chairman of Apex Silver Mines before retiring in 2009. Mr. Hulley has more than 48 years' experience in the mining business which, in addition to the above, includes Board and senior executive experience at Western Mining Holdings Ltd. and independent directorships with Red Tiger Inc. and Ecometals Limited, and is Chairman of the Board of Luna Gold Corp.	Director since February 13, 2006

Name and Municipality of Residence	Principal Occupations During Past Five Years	Position with Company
Wayne Kirk ⁽¹⁾⁽³⁾ Orcas, Washington USA	Wayne Kirk has over 35 years of experience as a corporate attorney, including nine years' experience as Vice President, General Counsel and Corporate Secretary of Homestake Mining Company. Mr. Kirk currently holds directorships and is the Chairman of Nominating and Corporate Governance committees at Northern Dynasty Minerals Ltd. and Taseko Mines Limited. He is also a director and Chairman of the Compensation and Corporate Governance Committee of Luna Gold Corp., a director and Chairman of the Corporate Governance and Nominating Committee and Compensation Committee of Electrum Ltd., a privately-held gold exploration company, and a director and Chairman of the Compensation and Nominating Committee of Sunshine Silver Mines Corporation, a privately held silver exploration and development company. Mr. Kirk holds a law degree from Harvard University and has been a member of the California Bar since 1969.	Director since June 19, 2008
Igor Levental ⁽³⁾⁽⁵⁾ Denver, Colorado USA	Igor Levental is President of the Electrum Group LLC, a privately-owned company involved in identifying and investing in exploration and mining opportunities around the world. With more than 30 years of experience in the mining industry internationally, Mr. Levental has held senior positions with mining companies including Homestake Mining Company and International Corona Corp. Mr. Levental holds a BSc in Chemical Engineering and an MBA from the University of Alberta, Canada. Mr. Levental is a director of NOVAGOLD Resources Inc., NovaCopper Inc., Sunward Resources Inc. and Taung Gold Limited.	Director since June 19, 2008

Name and Municipality of Residence	Principal Occupations During Past Five Years	Position with Company
David Peat ⁽¹⁾⁽²⁾ Fernandina Beach, Florida USA	David Peat has over 25 years of experience in financial leadership in support of mining companies. He is a director and Chairman of the Audit Committee of Brigus Gold and a director and Chairman of the Audit Committee of Sunshine Silver Mines Corporation, a privately held silver exploration and development company. Mr. Peat was Vice President and Chief Financial Officer of Frontera Copper Corporation from 2006 through 2009, Vice President and Global Controller of Newmont Mining Corporation from 2002 through 2004, and Vice President of Finance and Chief Financial Officer of Homestake Mining Company from 1999 through 2002. Mr. Peat received a Bachelor of Commerce, Honors in Business Administration from the University of Windsor in 1976 and a Bachelor of Arts, Economics from the University of Western Ontario in 1975. Mr. Peat has been a member of the Institute of Chartered Accountants of Ontario since 1978.	Director since June 17, 2010
Walter Segsworth ⁽²⁾⁽⁴⁾ West Vancouver, British Columbia, Canada	Walter Segsworth is a director of Heatherdale Resources, Pan American Silver, NovaCopper Inc., Alterra Power Corp., and Roxgold Inc. Mr. Segsworth has 40 years of experience in mining in Canada and overseas and has served as a senior officer of several mining companies including Westmin Resources, where he was President and CEO, and Homestake Mining Company, where he was President and COO. Mr. Segsworth is currently lead independent director of Alterra Power Corp. and Pan American Silver. Mr. Segsworth is past Chairman of both the Mining Associations of British Columbia (BC) and Canada and was named BC's Mining Person of the year in 1996. He received his bachelor of science in mining engineering from Michigan Technological University.	Director since June 1, 2010
A. Murray Sinclair ⁽²⁾⁽⁵⁾ Vancouver, British Columbia Canada	Murray Sinclair has extensive knowledge in areas of asset backed lending, real estate, corporate restructuring and natural resources. Mr. Sinclair is Chairman and a director of Sprott Resource Lending Corp. a natural resource lender focused on providing bridge and mezzanine financing to mining and oil and gas companies. Prior to his current position as Chairman, from 2003 to 2007 he was the Managing Director of Quest Capital Corp. He is also a director and officer of several other public companies.	Director since June 17, 2003

Name and Municipality of Residence	Principal Occupations During Past Five Years	Position with Company
Max Vaughan Quarndon, Derbyshire UK	Max Vaughan is Chief Financial Officer of Gabriel. Mr. Vaughan has spent 13 years in financial advisory and investment banking focused exclusively on the mining and metals sector. Prior to joining Gabriel, Mr. Vaughan was Managing Director of Ogmore Capital from 2009, a mining and metals financial advisory business, and prior to this was Managing Director at RBS Global Banking & Markets specialising in structured finance for several years. Mr. Vaughan is a member of the Institute of Chartered Accountants in England and Wales and holds an MBA from London Business School.	Chief Financial Officer since March 9, 2011

The information as to residence and principal occupation(s) is based on information furnished to the Company by the respective directors and executive officers.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of Compensation Committee.
- (3) Member of Corporate Governance Committee.
- (4) Member of Technical Committee.
- (5) Member of Finance Committee.

Each of the directors of Gabriel has been a director since the last annual meeting of Gabriel. All of the directors' respective terms will expire at the next annual general meeting of Gabriel.

As of March 12, 2013, directors and executive officers of Gabriel own or control approximately 75,603 Common Shares representing approximately 0.02% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS

Other than as disclosed herein no director or officer of Gabriel, or a shareholder holding a sufficient number of shares of Gabriel to affect materially the control of Gabriel, is or within the ten (10) years before the date of this Annual Information Form has been, a director, chief executive officer or chief financial officer of any other corporation that, while that person was acting in that capacity, or which resulted from an event that occurred while that person was acting in that capacity was the subject of a cease trade or similar order, or an order that denied such corporation access to any exemptions under Canadian securities legislation, for a period of more than thirty (30) consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such corporation. The foregoing information, not being within the knowledge of Gabriel, has been furnished by the respective directors, officers and any controlling shareholder of Gabriel individually as of March 12, 2013.

Mr. Sinclair, the Chairman of the Compensation Committee, was a director of Katanga Mining Limited ("**Katanga**") from August 1997 to July 10, 2006. On February 22, 2002, February 25, 2002 and March 15, 2002, Katanga was issued cease trading orders by the Ontario, British Columbia and Alberta Securities Commissions, respectively, for failing to file financial statements and pay filing fees within their prescribed times. These orders were rescinded on September 20, 2002, October 1, 2003 and October 23, 2003, respectively, following the filing of the financial statements and payment of the outstanding fees.

Mr. Hulley, the Chairman of the Board of Director's, was a director and Chairman of Apex Silver Mines Limited ("**Apex**") from October 2004 until March 2009, and on January 12, 2009 Apex filed a voluntary petition for reorganization relief under the United States Bankruptcy Code. On March 24, 2009 the Joint Plan of Reorganization filed by Apex and its wholly owned subsidiary became effective and Apex emerged from its reorganization proceedings.

Mr. Kirk was a director of Great Basin Gold Ltd. ("**GBG**") until he resigned such directorship in January 2012. In September, 2012, GBG filed for creditor protection under the Companies Creditors Arrangement Act in Canada. GBG's principal South African subsidiary, Southgold Exploration (Pty) Ltd., also filed for protection under the South African Companies Act business rescue procedures. GBG's subsidiary Rodeo Creek Gold Inc., and certain of its affiliates, entered US Bankruptcy Code Chapter 11 restructuring proceedings in Nevada in February 2013. GBG subsequently delisted its securities from the TSX, JSE and NYSE MKT.

No director or officer of Gabriel has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision. The foregoing information, not being within the knowledge of Gabriel, has been furnished by the respective directors and officers of Gabriel individually as of March 12, 2013.

No director or officer or a shareholder holding a sufficient number of shares of Gabriel to affect materially the control of Gabriel, or a personal holding company of any such persons, has, during the ten years preceding the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets. The foregoing information, not being within the knowledge of Gabriel, has been furnished by the respective directors, officers and any control shareholder of Gabriel individually as of March 12, 2013.

CONFLICTS OF INTEREST

Gabriel's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which Gabriel may participate, the directors of Gabriel may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of Gabriel's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In accordance with the laws of the Yukon Territory, the directors of Gabriel are required to act honestly, in good faith and in the best interests of Gabriel. In determining whether or not Gabriel will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Gabriel may be exposed and its financial position at that time.

The directors and officers of Gabriel are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and Gabriel will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the YBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of Gabriel are not aware of any such conflicts of interests.

PART IX AUDIT COMMITTEE

MEMBERSHIP AND EXPERIENCE

The Audit Committee presently consists of three directors, Mr. Kirk, Mr. Peat and Mr. Flood each of whom is independent in accordance with the definition of independence of National Instrument 52-110 and is financially literate.

Mr. Peat, the Chairman of the Audit Committee, is an accountant with over 25 years of experience in financial leadership in support of mining companies. He is a Director and Chairman of the Audit Committee of Brigus Gold Corp. and a Director and Chairman of the Audit Committee of Sunshine Silver Mines Corporation, a privately held silver exploration and development company. Mr. Peat was Vice President and Chief Financial Officer of Frontera Copper Corporation from 2006 through 2009, Vice President and Global Controller of Newmont Mining Corporation from 2002 through 2004, and Vice President of Finance and Chief Financial Officer of Homestake Mining Company from 1999 through 2002. Mr. Peat received a Bachelor of Commerce, Honors in Business Administration from the University of Windsor in 1976 and a Bachelor of Arts, Economics from the University of Western Ontario in 1975. Mr. Peat started his career with Price Waterhouse in Toronto and he has been a member of the Institute of Chartered Accountants of Ontario since 1978.

Mr. Kirk, a member of the Audit Committee, spent 23 years specializing in corporate and business law, including mergers and acquisitions, securities law and mining, with the firm of Thelen, Marrin Johnson & Bridges in San Francisco, California. From 1992-2001, he was Vice President, General Counsel and Corporate Secretary for Homestake Mining Company, which was acquired by Barrick Gold Corporation in December 2001. From 2002 until his retirement in 2004, Mr. Kirk was Special Counsel at Thelen Reid & Priest LLP, where he specialized in corporate and business law, including public company corporate governance. In addition to his law degree from Harvard University, Mr. Kirk holds a Bachelor of Arts in Economics from the University of California-Berkeley. He has been a member of the California Bar since 1969. Mr. Kirk joined the Gabriel Board in June 2008 and is the Chairman of the Corporate Governance Committee. Mr. Kirk is a Director of three other public companies in Canada, namely Northern Dynasty Minerals Ltd., Taseko Mines Limited and Luna Gold Corp. Mr. Kirk is the Chairman of Nominating and Corporate Governance committees at Northern Dynasty Minerals and Taseko Mines, and Chairman of the Compensation and Corporate Governance Committee of Luna Gold Corp. He is also a Director and Chairman of the Corporate Governance and Nominating Committee and Compensation Committee of Electrum Ltd., a privately-held gold exploration company, and is a Director and Chairman of the Compensation and Nominating Committee of Sunshine Silver Mines Corporation, a privately held silver exploration and development company.

Mr. Flood, a member of the Audit Committee, is the founder and Chairman of Concordia Resources Corp., formally known as Western Uranium Corp. Mr. Flood also serves as a director of Baker Steel Resources Trust. Prior to his work at Concordia Resources Corp., he worked with Haywood Securities in differing capacities, most recently as the Managing Director of Investment Banking in London, with a focus on natural resources development. Mr. Flood received a Bachelor's degree in Geology from the University of Nevada, followed by a Masters in Geology from the University of Montana.

AUDIT COMMITTEE CHARTER

A copy of the Audit Committee Charter is attached as a Schedule to this Annual Information Form.

Pre-Approval Policies & Procedures

The Audit Committee is responsible for the pre-approval of all audit, audit-related and non-audit services provided by the independent auditor. The Chairman of the Audit Committee is responsible for proper implementation of and compliance with this policy. The Audit Committee has delegated to the Chairman the authority to pre-approve all services not previously approved, up to \$25,000 and to report these to the Audit Committee as a whole at the next Audit Committee meeting.

External Auditors Service Fees

All fees billed by PricewaterhouseCoopers LLP ("**Auditors**") Gabriel's external auditors, during the two most recently completed financial years are as follows:

	Year ended December 31, 2012	Year ended December 31, 2011
Audit Fees		
PricewaterhouseCoopers LLP	\$195,000	\$235,000
Audit-Related Fees		
PricewaterhouseCoopers LLP	\$158,000	\$220,000
Tax and Other Fees		
PricewaterhouseCoopers LLP	\$5,000	\$76,850
All Other Fees		
PricewaterhouseCoopers LLP	\$33,500	\$13,900
Total		
PricewaterhouseCoopers LLP	\$391,000	\$545,750

Audit Fees: All services performed by the Auditors in connection with the review of annual consolidated financial statements of Gabriel, including services performed to comply with International Financial Reporting Standards ("**IFRS**").

Audit Related Fees: All services performed by the Auditors in connection with: (i) the review of quarterly financial statements and management discussion and analysis ("**MD&A**") in accordance with generally accepted standards for a review; (ii) review of annual financial statements of Gabriel's wholly or majority owned, offshore subsidiaries; (iv) internal control reviews; and (v) such other services as may be designated by the Committee from time to time as Audit Related Services.

Tax and Other Fees: All services performed by the Auditors which are not Audit Services or Audit Related Services including, without limitation: (i) services in connection with tax planning, compliance and advice; and (ii) such other services as may be designated by the Committee from time to time as Tax and Other Services.

All Other Fees: All services performed by the Auditors.

PART X ADDITIONAL INFORMATION

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Save as set out in this Annual Information Form and to the knowledge of Gabriel, there are currently no outstanding material legal or regulatory proceedings involving Gabriel. Reference is made to the section entitled "*Legal Challenges to the Project*" in Part IV.

There were no: (i) penalties or sanctions imposed against Gabriel by a court relating to securities legislation or by a securities regulatory authority during Gabriel's most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against Gabriel that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements Gabriel entered into with a court relating to securities legislation or with a securities regulatory authority during our most recently completed financial year.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Save as disclosed below, no director, officer or shareholder who beneficially owns, controls or directs, either directly or indirectly, more than 10% of the Common Shares of Gabriel, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction, which in either case has materially affected or would materially affect Gabriel, during the three most recently completed financial years or during the current financial year.

During 2009, the Company completed a private placement with BSG Capital Markets PCC Limited ("**BSGCM**"), which is part of the Beny Steinmetz Group, pursuant to which BSGCM subscribed for 30 million units at a subscription price of \$2.25 per unit. Each unit consisted of one Common Share and one Common Share purchase warrant entitling BSGCM to purchase one additional Common Share at \$2.50 per share for 18 months rising to \$3.00 per share for the final six months of the two year warrant. In June, 2011 BSGCM exercised all of these warrants for gross proceeds of \$75 million and the Company issued the underlying 30 million Common Shares. Mr. Dag Cramer, who became a director of the Company on June 21, 2012, is CEO of BSGCM.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares of Gabriel is Computershare Investor Services Inc. at its principal offices in Toronto at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, Gabriel has not entered into any material contracts during the most recently completed financial year, or before the most recently completed financial year and which are still in full force and effect.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP ("**PWC**"), Chartered Accountants, are Gabriel's auditors and such firm has prepared an opinion with respect to the Corporation's financial statements as at and for the financial year ended December 31, 2012. PWC have reported that they are independent of Gabriel in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

As described above, an NI 43-101 Technical Report dated October 1, 2012 was prepared by SRK on the Project.

As of the date hereof, each of the aforementioned companies, and all directors, officers, partners and employees thereof, beneficially own, respectively, directly or indirectly, less than 1% of the securities of Gabriel and its associates and affiliates. In addition, no other director, officer, partner or employee of any of the aforementioned companies is currently expected to be elected, appointed or employed as a director, officer or employee of Gabriel or of any associates or affiliates of Gabriel.

AVAILABILITY OF ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Gabriel's securities, securities authorized for issuance under security based compensation plans and interests of insiders in material transactions, where applicable, is contained in Gabriel's Management Proxy Circular in respect of its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is available in Gabriel's audited consolidated financial statements, together with the auditors' report thereon, and Gabriel's management discussion and analysis for its most recently completed financial year.

A copy of this Annual Information Form, Gabriel's Management Proxy Circular for its most recent annual or special meeting and the financial statements (including any interim statements from the past financial year) may be obtained upon request made to the Secretary of Gabriel. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of Gabriel. These documents are also available free of charge through the SEDAR at www.sedar.com.

**PART XI
GLOSSARY OF MINING TERMS**

The following is a glossary of certain mining terms used in this Annual Information Form.

adit	A horizontal or nearly horizontal tunnel driven from the surface to access a mine.
Ag	The symbol for silver (<i>Argentium</i>) on the Periodic Table.
Au	The symbol for gold (<i>Aurum</i>) on the Periodic Table.
ball milling	Utilisation of a steel cylinder filled with steel balls into which crushed ore is fed. The ball mill is rotated, causing the balls to cascade and grind the ore.
breccia	A coarse grained rock composed of angular broken fragments held together by mineral cement or in a fine-grained matrix.
Cretaceous	The period of geological time from 142 to 65.5 million years ago which marks the end of the Mesozoic era.
cross-cut	A horizontally driven tunnel that cuts across the strike of the mineralisation.
dacite	A fine-grained extrusive volcanic rock, usually light grey in appearance.
deposit	A natural occurrence of a useful mineral, in sufficient extent and degree of concentration to invite exploitation.
diamond drilling (DD)	A rock drilling method using a rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a circular channel around a core which can be recovered to provide a more or less continuous and complete columnar sample of the rock penetrated.
drive	A horizontal or inclined tunnel which is parallel to the strike of the mineralisation.
electrowinning	A process of recovering gold from solution by means of electrolytic chemical reaction.
epithermal	Primary vein-like deposits formed at shallow depths from the circulation of mineral rich warm solutions.
g/t	Grams per tonne.
grade	The relative quantity or the percentage of mineral or metal content in a deposit.
hydrothermal	A term pertaining to hot water, especially with respect to its action in dissolving and re-depositing minerals within the Earth's crust.

Indicated Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
intrusive	A body of igneous rock formed by magma penetrating or intruding into or between other rocks, but solidifying before reaching the surface.
kriging	A geostatistical technique used in the estimation of mineral resources that enables the estimation of the values of spatially distributed variables such as grade and the probable error associated with the estimates. The method recognizes that samples are not independent and that spatial continuity between samples exists.
masl	Metres above sea level.
Measured Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
Mesozoic	The period of geological time from 250 to 65.5 million years ago which is subdivided into the Triassic, Jurassic and Cretaceous periods.
Mineral Reserve	The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
Mineral Resource	A concentration or occurrence of diamonds, natural solid inorganic material or natural fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

mineralisation	Rock containing an undetermined amount of a specific mineral of economic interest.
Miocene	The period of geological time from 23.8 to 5.32 million years ago.
Mtpa	Millions of tonnes per annum.
open-pit mine	An excavation for removing rocks and minerals which is open to the surface.
porphyry	Hard igneous rock containing large conspicuous crystals in a dark, fine-grained ground matrix.
ppm	Parts per million.
Probable Mineral Reserve	The economically mineable part of an indicated, and in some circumstances a measured, Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
Proven Mineral Reserve	The economically mineable part of a measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
reverse circulation drilling (RC)	A drilling method using a tricone bit, during which rock cuttings are pushed to the surface through an outer tube by liquid and/or air pressure moving through an inner tube.
room and pillar mining	A method of mining flat-lying ore deposits in which the mined-out areas, or rooms, are separated by pillars of rock left in-situ of approximately the same size.
SAG milling	Semi-autogenous grinding (SAG) - a method of grinding rock into fine powder whereby the grinding media consist of larger chunks of rocks and steel balls.
stockwork	Mineralised rock comprised of a system of irregular veins and/or veinlets. The geometry and complexity of the mineralisation means that it can only be extracted by removal of the stockwork as a whole.
stope	An underground excavation from which ore is extracted.
strike	The course or bearing of a mineral deposit (or any structural surface) as it intersects the horizontal plane.
tailings	The waste material resulting from the processing and treatment of ore to remove the valuable content.

**SCHEDULE TO ANNUAL INFORMATION FORM FOR THE YEAR ENDED
DECEMBER 31, 2012**

GABRIEL RESOURCES LTD.

Audit Committee Charter

This charter ("**Charter**") sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee ("**Committee**") of the Board of Directors ("**Board**") of Gabriel Resources Ltd. ("**Gabriel**").

1 PURPOSE

1.1 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of Gabriel; and
- external and internal audit processes.

2 COMPOSITION AND MEMBERSHIP

2.1 The Board will appoint the members ("**Members**") of the Committee after the annual general meeting of shareholders of Gabriel. The Members will be appointed to hold office until the next annual general meeting of shareholders of Gabriel or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.

2.2 The Committee will consist of at least three directors who meet the criteria for independence and financial literacy established by applicable laws and the rules of the stock exchange upon which Gabriel's securities are listed, including Multilateral Instrument 52-110 - Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

2.3 The Board will appoint one of the Members to act as the Chairman of the Committee. The secretary of Gabriel ("**Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

3 MEETINGS

3.1 Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.

- 3.2 At the request of the external auditors of Gabriel, the Chief Executive Officer or the Chief Financial Officer of Gabriel or any member of the Committee, the Chairman will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- 3.3 The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select one their number to act as Chairman of the meeting.
- 3.4 Two Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- 3.5 The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without management at each meeting of the Committee.
- 3.6 In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others, as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Gabriel to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

4 DUTIES AND RESPONSIBILITIES

- 4.1 The duties and responsibilities of the Committee as they relate to the following matters are to:

Financial Reporting and Disclosure

- 4.2 Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, guidance with respect to earnings per share, and any public release of financial information through press release or otherwise, with such documents to indicate whether such information has been reviewed by the Board or the Committee.
- 4.3 Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectus, annual information form, annual report to shareholders, management proxy circular, material change disclosure of a financial nature, and similar disclosure documents.
- 4.4 Review with management of Gabriel and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("**IFRS**"), all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Gabriel's financial position and the results of its operations in accordance with IFRS, as applicable.
- 4.5 Annually review Gabriel's corporate disclosure policy and recommend any proposed changes to the Board for consideration.
- 4.6 Review the minutes from each meeting of the disclosure committee, established pursuant to Gabriel's corporate disclosure policy, since the last meeting of the Committee.

Internal Controls and Audit

- 4.7 Review and assess the adequacy and effectiveness of Gabriel's system of internal control and management information systems through discussions with management and the external auditor to ensure that Gabriel maintains:
- (a) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Gabriel's transactions;
 - (b) effective internal control systems; and
 - (c) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Gabriel at any particular time.
- 4.8 Satisfy itself that management has established adequate procedures for the review of Gabriel's disclosure of financial information extracted or derived from Gabriel's financial statements.
- 4.9 Satisfy itself that management has periodically assessed the adequacy of internal controls, systems and procedures in order to ensure compliance with regulatory requirements and recommendations.
- 4.10 Review and discuss Gabriel's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.
- 4.11 Review and assess, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Gabriel's risk management policies and procedures with regard to identification of Gabriel's principal risks and implementation of appropriate systems to manage such risks, including an assessment of the adequacy of insurance coverage maintained by Gabriel.
- 4.12 Review and assess annually, and in the Committee's discretion make recommendations to the Board regarding, Gabriel's investment policy.

External Audit

- 4.13 Recommend to the Board a firm of external auditors to be engaged by Gabriel.
- 4.14 Ensure the external auditors report directly to the Committee on a regular basis.
- 4.15 Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.
- 4.16 Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors.
- 4.17 Review the audit plan of the external auditors prior to the commencement of the audit.
- 4.18 Establish and maintain a direct line of communication with Gabriel's external and internal auditors.

- 4.19 Meet in camera with only the auditors, with only management, and with only the members of the Committee.
- 4.20 Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors' team.
- 4.21 Oversee the work of the external auditors appointed by the shareholders of Gabriel with respect to preparing and issuing an audit report or performing other audit, review or attest services for Gabriel, including the resolution of issues between management of Gabriel and the external auditors regarding financial disclosure.
- 4.22 Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Gabriel, and the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences.
- 4.23 Discuss with the external auditors their perception of Gabriel's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review, and availability of records, data and other requested information and any recommendations with respect thereto.
- 4.24 Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.
- 4.25 Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

Associated Responsibilities

- 4.26 Monitor and periodically review the whistleblower policy and associated procedures for:
 - (a) the receipt, retention and treatment of complaints received by Gabriel regarding accounting, internal accounting controls or auditing matters;
 - (b) the confidential, anonymous submission by directors, officers and employees of Gabriel of concerns regarding questionable accounting or auditing matters; and
 - (c) any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of Gabriel's Code of Business Conduct & Ethics or governance policies.
- 4.27 Review and approve Gabriel's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditor of Gabriel.

Non-Audit Services

- 4.28 Pre-approve all non-audit services to be provided to Gabriel or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

Oversight Function

- 4.29 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Gabriel's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Gabriel, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Gabriel's financial information or public disclosure.

5 REPORTING

- 5.1 The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

6 ACCESS TO INFORMATION AND AUTHORITY

- 6.1 The Committee will be granted unrestricted access to all information regarding Gabriel and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at Gabriel's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

7 REVIEW OF CHARTER

- 7.1 The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.