FORM 27 *SECURITIES ACT* (BRITISH COLUMBIA) MATERIAL CHANGE REPORT UNDER SECTION 85(1) *SECURITIES ACT* (YUKON) NATIONAL POLICY NO. 40

FORM 27
SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

1. **Reporting Issuer**

Full name of the Issuer:

GABRIEL RESOURCES LTD. ("Gabriel")

The address of the principal office in Canada of the reporting issuer is as follows:

Suite 1001 - 543 Granville Street
Vancouver, B.C.
V6C 1X8

PHONE: (604) 602-9303

1. **Date of Material Change**

December 15, 1999

1. **Press Release**

The date and place(s) of issuance of the press release issued pursuant to Section 85(1) of the Act are as follows:

December 15, 1999

The Press Release was released to the Canadian Venture Exchange, being the only exchange upon which the shares of the Issuer are listed, and through various other approved public media.

1. **Summary of Material Change(s)**

A summary of the nature and substance of the material change is as follows:

Gabriel has received a Pre-Feasibility Study (the "Study") prepared by Pincock Allen & Holt ("PAH") of Denver on Gabriel's Rosia Montana project in Romania. The Study presents a Base Case, which considers a 10 million tonne per annum operation encompassing existing measured and indicated resources and an Alternate Case, which considers a 10 million tonnes per annum operation incorporating existing measured, indicated and inferred resources. Both cases considered owner mining and contract mining scenarios. A summary of the highlights of the Study for both cases follows:

	Base Case	Alternate Case
Plant Throughput	10 Mtpa	10 Mtpa
Resources	Measured & Indicated	Measured, Indicated and Inferred
Mine Life	9 years	11 years
Average Annual Gold Production	411,000 oz	432,545 oz
Initial Capital Cost (Millions)	US$205.4 (Owner Mining) US$188.0 (Contract Mining)	US$205.4 (Owner Mining) US$188.0 (Contract Mining)
Cash Operating Costs (Per ounce gold /net of silver credits)	US$113 (Owner Mining) US$127 (Contract Mining)	US$102 (Owner Mining) US$112 (Contract Mining)
Internal Rate of Return (100% equity basis)	24.7% (Owner Mining) 27.0% (Contract Mining)	27.9% (Owner Mining) 33.7% (Contract Mining)
Net Present Value (Millions) (US$300 gold @ 5% discount)	US$222 (Owner Mining) US$215 (Contract Mining)	US$304 (Owner Mining) US$337 (Contract Mining)

A summary of certain components of the Study is set forth below.

1. **Full Description of Material Change**

Gabriel has received a Pre-Feasibility Study prepared by PAH on Gabriel's Rosia Montana project in Romania. The Study has reviewed and analysed the resources at the project, the quality of work undertaken by Gabriel on the project to date and the economics of the project.

Resources and Reserves

In the Study, PAH calculated a geologic resource (measured, indicated and inferred resources), a floating cone resource and mineable reserves (measured and indicated ore). A summary of each of these calculations is presented below.

Geologic Resource (Measured, Indicated and Inferred Resources)

Deposit	Tonnes	Grade (g/t) Gold	Grade (g/t) Silver	Contained Ounces Gold	Contained Ounces Silver
Cetate	56,152,000	1.51	6.4	2,725,000	11,465,000
Cirnic	102,502,000	1.62	11.5	5,337,000	37,758,000
Total:	158,654,000	1.58	9.7	8,062,000	49,249,000

Note: Calculated using a cut-off grade of 0.80 grams per tonne gold.

Mineable Reserves (Measured and Indicated Ore)

Deposit	Tonnes	Grade (g/t) Gold	Grade (g/t) Silver	Contained Ounces Gold	Contained Ounces Silver
Cetate	26,608,000	1.62	9.4	1,383,035	8,044,194
Cirnic	58,836,000	1.74	11.6	3,298,000	21,943,000
Total:	85,444,000	1.70	10.9	4,681,035	29,987,194

The geologic resource and mineable reserves were calculated in accordance with Canadian National Policy Statement 2A. Due to the recent volatility in the price of gold, Gabriel elected to take a conservative approach and has run the Base Case at a higher operating cost for cut off grade, than results from using normal operating costs. This results in fewer tonnes of measured and indicated ore, but at a higher average grade.

Mining and Processing

The Rosia Montana project is modelled in the Study as a conventional open-pit mine using a truck and shovel fleet for primary production. Under the Base Case, the mine is modelled as producing 30,000 tonnes of ore per day, or 10 million tonnes per year, for a mine life of 9 years, based on the present measured and indicated ore. Under the Alternate Case, the mine is modelled as producing 10 million tonnes of ore per year for a mine life of 11 years, based on the present measured and indicated ore and inferred resources within the floating cone, with allowance for haul ramps.

The process facilities contemplated by the Study include conventional coarse crushing, semi-autogenous grinding and ball mill grinding, gravity concentration, cyanide leaching and carbon in pulp (CIP) recovery. Based on a year round operation, the mine is modelled as producing approximately 411,000 ounces of gold and 2,035,000 million ounces of silver per year over the life of the mine for the Base Case, and approximately 433,000 ounces of gold and 2,040,000 ounces of silver per year over the life of the mine for the Alternate Case. Tailings from the processing facility are assumed to be pumped to a tailings disposal impoundment at one of two sites identified by PAH downstream from either the waste rock dump or the processing facility. A variety of other potential sites for tailings disposal exist in the immediate area and will be assessed in the course of preparing a definitive feasibility study.

Preliminary metallurgical testwork provided the basis for the recommended process techniques of gravity concentration followed by whole ore leaching. Although considerable on-going metallurgical testwork is planned, the Study summarized the testwork completed to date, indicating overall estimated gold recoveries of 79.6% and silver recoveries of 64.6%.

Capital Costs

Initial capital costs for the Base Case (owner mining) are estimated in the Study to be approximately US$205.4 million, comprised of approximately US$17.9 million in mining equipment, US$126.1 million in process plant costs, US$56.8 million in owner's costs (including the tailings impoundment facility and relocation of the Rosia Montana village) and US$4.5 million in mine pre-stripping. Total sustaining capital over the life of mine fcr the Base Case (owner mining) is estimated in the Study to be approximately US$46.1 million with working capital of approximately US$6.0 million.

Operating Costs

Cash operating costs for the Base Case are estimated in the Study to average US$113 per ounce of gold recovered, net of silver credits, for owner mining and US$127 per ounce of gold recovered, net of silver credits, for contract mining over the life of the mine. Per tonne cash operating costs, including costs for mining, processing, tailings, reclamation and general and administrative costs, are estimated in the Study to average US$6.21 for owner mining and US$6.59 for the contract mining for the Base Case, over the life of the mine. Contributing to the cash operating costs which are presented in the Study are a low stripping ratio, low labour rates, low power rates and silver credits.

Financial Analysis

Based on a US$300 gold price and a US$5.00 silver price, the Base Case produces an internal rate of return of 24.7% for owner mining and 27% for contractor mining, on a 100% equity basis, and a net present value of US$221.7 million for owner mining and US$214.8 million for contractor mining, at a discount rate of 5%. The Alternative Case provides an internal rate of return of 27.9% for owner mining and 33.7% for contractor mining, on the same basis, and a net present value of US$303.6 million for owner mining and US$337.2 million for contractor mining, at the same discount rate.

The Rosia Montana project is located in a "Disadvantaged Zone" created by the Romanian government in October, 1999. The Disadvantaged Zone has a ten-year life commencing in October, 1999 and may, under certain circumstances, be extended. Assuming the Rosia Montana Project were to be placed into commercial production in 2004, it would not be subject to income tax during the first seven years of its minelife. The Disadvantaged Zone also eliminates the 22% Value Added Tax and all customs duties for a period of 10 years, which would benefit the project through the development, construction and commissioning phases, as well as during operations for consumables such as grinding media and cyanide.

The Study concludes that the project economics are more sensitive to changes in metal prices and metal recovery and less sensitive to similar percentage changes in capital and operating costs.

Future Development

Gabriel is presently finalizing its plans for the further development of Rosia Montana in 2000-2001. Included in those plans are significant infill and definition drilling, both on surface and underground, to upgrade the resource classification. In addition, drilling is planned to test the potential of the Cetate and Cirnic deposits at depth and the outlying Jig-Vaidoa and Orlea deposits. Environment Impact Assessment work will commence immediately, ongoing metallurgical testwork will be undertaken and a full relocation study will be undertaken in connection with moving a portion of the village of Rosia Montana. This work will provide the basis for the anticipated completion of a definitive feasibility study by mid-2001.

Interest in Rosia Montana increased to 80%

Gabriel has delivered the Study to Minvest S.A., the Romanian State-owned mining company and Gabriel's joint venture partner in the Rosia Montana project. Delivery of the Study has enabled Gabriel to increase its interest in Rosia Montana from a 65% interest to an 80% interest. Gabriel continues to hold a pre-emptive right on the remaining 20% interest in Rosia Montana.

1. **Reliance on Section 85(2) of the Act**

Not Applicable

1. **Omitted Information**

Not Applicable

1. **Senior Officer**

The following senior officer of the Issuer is knowledgeable about the material change and may be contacted by the Commission at the following telephone number:

Frank D. Wheatley, President and Chief Operating Officer

PHONE: (604) 602-9303

1. **Statement of Senior Officer**

The foregoing accurately discloses the material change(s) referred to herein.

DATED at Vancouver, British Columbia, this 20th day of December, 1999.

signed "*Frank D. Wheatley*"
President and Chief Operating Officer

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