Preliminary Short Form Prospectus

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Ontario, Alberta, Manitoba and Québec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities have not been and will not be registered under the U.S. Securities Act of 1933. Accordingly, except as permitted under the Agency Agreement, these securities may not be offered or sold in the United States of America and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

New Issue November 15, 2001

GABRIEL RESOURCES LTD.

$●

● Common Shares

We are offering ● of our common shares at a price of $● per common share. Our outstanding common shares are listed for trading on The Toronto Stock Exchange ("TSE") under the trading symbol "GBU". On November ●, 2001, the last trading day before the announcement of the offering, the closing price of our common shares on the TSE was $● and on ●, 2001.

HSBC Securities (Canada) Inc., Canaccord Capital Corporation and Dundee Securities Corporation (collectively, the "Agents") conditionally offer the common shares on a best efforts basis if, as and when issued by us and accepted by us in accordance with the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters by our counsel, Fraser Milner Casgrain LLP, and by Aird & Berlis LLP, counsel for the Agents, at closing, which is expected to take place on or about ●, 2001. The offering is not subject to any minimum number of common shares being sold.

Price: $● per Common Share

	Price to Public	Agents' Fees	Proceeds to the Company(1)
Per Common Share	$● (2)	$●	$●
Total	$●	$● (3)(4)(5)	$●

(1) Before deducting expenses of the issue, estimated at $200,000.

(2) The price per common share was determined by negotiation between us and the Agents.

(3) We have agreed to pay to the Agents a cash commission equal to •% of the gross proceeds of the offering.

(4) The Agents will receive compensation warrants (the "Compensation Warrants") exercisable for a period of two years from the closing of the offering to purchase in the aggregate such number of common shares (the "Agents' Shares") as is equal to •% of the number of common shares sold in the offering at a price of $• per Share for the first year and $• for the second year (see "Plan of Distribution").

(5) The Agents will be granted an option (the "Over-Allotment Option") exercisable for a period of 30 days from closing of the offering to sell at a price of $• per share an additional number of common shares (the "Over-Allotment Shares") equal to 15% of the common shares sold pursuant to the offering for the purpose of covering over-allotments and for market stabilization purposes (see "Plan of Distribution").

This short form prospectus also qualifies the issuance to the Agents of the Compensation Warrants, the grant of the Over-Allotment Option to the Agents and the issuance of the Over-Allotment Shares upon exercise of the Over-Allotment Option.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Definitive certificates for the common shares are expected to be available for delivery at closing. In this prospectus, "we", "us", "our" and "the Company" refer to Gabriel Resources Ltd.

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ELIGIBILITY FOR INVESTMENT

The eligibility of the common shares offered hereby for investment by purchasers to whom any of the following statutes apply is, in certain cases, governed by criteria which such purchasers are required to establish as policies or guidelines, and in certain cases file, pursuant to the applicable statute (and, where applicable, the regulations thereunder) and is subject to the prudent investment standards and general investment provisions provided therein:

Insurance Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Trust and Loan Companies Act (Canada)
Loan and Trust Corporations Act (Ontario)
Pension Benefits Act (Ontario)
Alberta Heritage Savings Trust Fund Act (Alberta)
Employment Pension Plans Act (Alberta)
Insurance Act (Alberta)
Loan and Trust Corporations Act (Alberta)
The Insurance Act (Manitoba)
The Pension Benefits Act (Manitoba)
The Trustee Act (Manitoba)
Supplemental Pension Plans Act (Québec)
an *Act respecting insurance* (Québec) (in respect of insurers, as defined therein, incorporated under the laws of the Province of Québec, other than a guarantee fund corporation)
an *Act respecting trust companies and savings companies* (Québec) (for a trust company or savings company governed by that act, investing its own funds and deposits it receives)
Supplemental Pension Plans Act (Québec)

In the opinion of our counsel, Fraser Milner Casgrain LLP, and Aird & Berlis LLP, counsel for the Agents, as at the date hereof, the common shares offered hereby, when issued, will be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, or deferred profit sharing plans and, based in part on a certificate of one of our officers as to certain factual matters, will not, on the date of issue, be "foreign property" for the purposes of Part XI of that Act.

WHERE YOU CAN FIND MORE INFORMATION

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at Suite 1510, 110 Yonge Street, Toronto, Ontario, M5C 1T4, telephone (416) 955-9200. For the purpose of the province of Québec, this short form prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of the Company at the above-mentioned address. Certain capitalized words and phrases used in this prospectus which are defined in the documents incorporated herein have the same meaning in this prospectus.

We file annual and quarterly financial information, material change reports and other information with the securities commission or similar authority in the provinces of Ontario, Alberta, Manitoba and Québec (collectively, the "Commissions"). The Commissions allow us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. Information that is incorporated by reference is an important part of this short form prospectus. We incorporate by reference the documents listed below, which were filed with the Commissions under the various securities legislation:

(a) our "Management's Discussion and Analysis" and the consolidated financial statements of the Company and notes for the financial years ending December 31, 2000 and December 31, 1999 and the auditor's report thereon;

(b) our unaudited interim comparative consolidated financial statements for the three months ended March 31, 2001 and March 31, 2000;

(c) our unaudited interim comparative consolidated financial statements for the six months ended June 30, 2001 and June 30, 2000;

(d) our Revised Annual Information Form dated May 8, 2001;

(e) our Management Proxy Circular dated May 8, 2001;

(f) our Material Change Report dated March 9, 2001 with respect to our Rosia Montana project update;

(g) our Material Change Report dated April 30, 2001 with respect to the announcement of our new President and Chief Executive Officer and the Rosia Montana land use plan;

(h) our Material Change Report dated May 14, 2001 with respect to our Rosia Montana metallurgical testwork and process design;

(i) our Material Change Report dated May 14, 2001 with respect to the announcement of a proposed equity financing;

(j) our Material Change Report dated June 26, 2001 with respect to the definitive feasibility study on our Rosia Montana project, the arrangement of a proposed $10 million bridge financing facility with Resource Capital Fund II LLP and the postponement of our previously announced public equity offering;

(k) our Material Change Report dated July 4, 2001 with respect to our brokered private placement of 3,000,000 common shares at $3.50 per share;

(l) our Material Change Report dated July 20, 2001 with respect to the closing of the foregoing brokered private placement and the termination of the foregoing $10 million bridge financing facility;

(m) our Material Change Report dated August 21, 2001 with respect to the receipt of the first definitive feasibility study on our Rosia Montana project; and

(n) our Material Change Report dated November 9, 2001 with respect to the receipt of the second definitive feasibility study on our Rosia Montana project.

Any material change reports (other than confidential reports), comparative interim financial statements and information circulars which are required to be filed by us with the Commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of this offering, shall be deemed to be incorporated by reference into and form an integral part of this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the information contained herein and in the documents incorporated by reference constitutes "forward-looking statements" within the meaning of the *Private Securities Litigation Reform Act of 1995* of the United States. Such forward-looking statements include, but are not limited to, those statements with respect to continued mine development and capital investments for the Rosia Montana property, the price of gold and cost savings, that involve known or unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those projected by such forward-looking statements. Such factors include, among others, the factual results of current exploration activities, conclusions of feasibility studies, changes in project parameters as plans continue to be refined and access to capital, as well as those factors discussed under the heading "Risk Factors".

THE COMPANY

Our full name is Gabriel Resources Ltd. Our registered office is located at Suite 200 Financial Plaza, 204 Lambert Street, Whitehorse, Yukon, Y1A 3T2 and our executive offices are located at Suite 1501, 110 Yonge Street, Toronto, Ontario, M5C 1T4. Through our subsidiaries, we maintain administrative and field offices in Deva and in Rosia Montana, Romania.

BUSINESS OF THE COMPANY

We are a Yukon company engaged through subsidiaries in the acquisition, exploration and development of mineral properties. Our material business operations are carried out largely through wholly or jointly owned private subsidiary companies. We have two mineral projects located in Romania. Of the two projects, the Rosia Montana project is the most advanced and can be considered a development stage project.

The other Romanian property, Bucium, can be considered an advanced stage exploration project. Only the Rosia Montana project has proven and probable reserves, while the Bucium project does not.

The majority of our exploration and development activities to date have been focussed on the Rosia Montana project in order to advance it to the definitive feasibility stage. During the three most recently completed fiscal years, we have spent approximately $28 million on the Rosia Montana and Bucium projects, with virtually all of such amount being expended on the Rosia Montana project.

RECENT DEVELOPMENTS

In January 2001, we engaged HSBC Investment Bank plc and HSBC Securities (Canada) Inc. (collectively, "HSBC") as a financial advisor to provide strategic financial advice to us. In support of this mandate, we determined to give selected international mining companies access to information pertaining to our mineral properties in Romania under confidentiality agreements. These agreements included customary standstill provisions. HSBC is in ongoing communication with such mining companies to monitor their potential interest in us and our properties.

On July 12, 2001, we completed a brokered private placement through one of the Agents of 3,000,000 common shares at $3.50 per share to raise gross proceeds of $10,500,000.

First Definitive Feasibility Study – 20 Mtpa Case

The first definitive feasibility study (the "First Study") on our 80% owned Rosia Montana project in Romania, prepared on a 100% project basis, was coordinated and compiled by GRD Minproc Limited ("Minproc") of Perth, Western Australia. A summary of the highlights of the First Study is shown in the following table:

Plant Throughput	20 Mtpa
Reserves	10.5 Moz Gold 54.6 Moz Silver
Mine Life	11.2 years
Metallurgical Recovery (1)	80.9% Au & 54.1% Ag
Average Annual Gold Production(1)	755,000 oz
Initial Capital Cost (Millions) Working Capital (Millions) Sustaining and Deferred Capital (Millions) (1)	US$296 US$5.3 US$130
Cash Operating Costs (1)(2) Total Cash Costs (1)(2) Total Production Costs (1)(2)	US$102 US$108 US$158
Internal Rate of Return (3)(4)	30.3%
Net Present Value(4) (Millions) (0% Discount) Net Present Value(4) (Millions) (5% Discount) Net Present Value(4) (Millions) (10% Discount)	US$914 US$536 US$312
Pay Back Period	2.6 Years

(1) Over the life of the mine
(2) Per ounce gold/net of silver credits
(3) 100% equity basis
(4) After tax, US$275 per ounce of gold, for 100% of the project in which the Company has an 80% interest

In early 2000, the Company engaged Minproc to coordinate the preparation of a definitive feasibility study on our Rosia Montana project in Romania. We, Minproc, Resource Service Group Pty. Ltd. ("RSG") of Perth, Western Australia, Knight Piesold Limited ("KP") of Vancouver, British Columbia and Ashford, England and Planning Alliance of Toronto, Ontario undertook the work necessary for the preparation of the First Study.

The First Study addresses all aspects relevant to the demonstration of both the technical and economic viability of the development of a large scale open pit mine and processing plant at Rosia Montana.

Resources

RSG calculated the measured, indicated and inferred resources for the First Study, using a 0.6 g/t gold cutoff, a 15 x 15 x 15 metre block size and multiple indicator kriging, as follows:

Category Of Resource	Tonnes	Grade (g/t) Gold	Grade (g/t) Silver	Contained Ounces Gold	Contained Ounces Silver	Percentage of Resource (%)(Oz Au) Tonnes
Measured	138,080,000	1.5	8	6,850,000	36,630,000	48
Indicated	163,780,000	1.1	5	5,920,000	24,390,000	42
Total M&I	301,850,000	1.3	6	12,770,000	61,020,000	90
Inferred	50,800,000	0.8	4	1,380,000	5,940,000	10

Note: Tonnes are rounded to the nearest 10,000 tonnes and ounces of gold and silver are rounded to the nearest 10,000 ounces.

The resources were calculated by RSG in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Dr. Julian Barnes, BSc (Hons), PhD, of RSG, is the qualified person (as defined in NI 43-101) responsible for the resource estimate included in the First Study. These resources are different than those published in February 2001 as these resources are calculated using 15 metre blocks, whereas the resources reported in February were calculated using 10 metre blocks.

Reserves

RSG calculated the proven and probable reserves for the First Study, using a block value methodology approximating an equivalent 0.6 g/t Au cut-off grade, as follows:

Proven and Probable Reserves

Category	Tonnes	Grade (g/t) Gold	Grade (g/t) Silver	In Situ Metal Gold	In Situ Metal Silver
Proven	118,190,000	1.7	9.1	6,300,000	34,500,000
Probable	107,550,000	1.2	5.8	4,200,000	20,100,000
Total:	225,740,000	1.4	7.5	10,500,000	54,600,000

The reserves were calculated by RSG in accordance with NI 43-101. Mr. Harry Warries, of RSG, and Mr. David Quinlivan of RSG, are the qualified persons (as defined in NI 43-101) responsible for the reserve estimate included in the First Study.

Exploration Potential

The deposits at Rosia Montana have not yet been fully delineated. Exploration and in-fill drilling conducted by Gabriel in 2000 was terminated in December 2000 in order to permit the calculation of resources and reserves for the First Study. A number of areas of existing inferred resources remain to be upgraded and a number of areas remain to be tested for the existence of additional resources, including to the north and east of Cirnic, to both the east and west of Orlea, between Orlea and Carpeni, as well as at depth.

Mining

Mining Method

The First Study contemplates that the Rosia Montana project will be operated as a large scale, bulk tonnage, conventional open-pit mine using an owner-operated fleet of hydraulic face shovels and 230 tonne haul trucks for primary production. As reserves are distributed among four principal areas, being Cetate, Cirnic, Orlea and Jig, located in close proximity to one another and straddling the Rosia Montana valley, mining will occur in four separate open pit mine sites. The mine has been designed to operate 24 hours a day, 7 days a week.

Throughput

Mining is based on an average mining rate of 20 million tonnes per annum ("mtpa") over a mine life of 11.2 years. Throughput will vary from a rate of approximately 16 mtpa for hard ore, 18 mtpa for medium ore, and 24 mtpa for soft ore. The average breakdown in ore hardness is approximately 10% hard, 43% medium and 47% soft ore. Accordingly, the process plant has been specifically designed to accommodate throughputs varying from 2,000 tonnes per hour ("tph") for hard ore, to 3,200 tph for soft ore. The annual throughput of 20 mtpa was selected on the basis that it provided the optimum project economics.

Mine Scheduling

Mining is scheduled to commence at Cetate, as it is situated closest to the process plant and requires the least amount of development. Cirnic will be mined next. Cetate and Cirnic together comprise the majority of the proven and probable reserves. Orlea will follow, with Jig being the final pit to be developed. Staged pits have been designed for Cirnic, Cetate and Orlea to allow proper sequencing of development and mining from all pits, while a single stage was designed for Jig. All pits will use bench heights of 15 metres, will have average pit slope angles of between 40 and 50 degrees and extend to a maximum depth of between 220 metres and 260 metres.

Waste

A total of approximately 193.3 millions tonnes of waste 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 0.86 to 1. The operational mine plan involves the use of approximately 35 million tonnes of mine waste rock in the construction of the tailings management facility. All additional waste will be deposited on one of the two principal waste dumps, being the Corna waste dump, located south of Cirnic, and the Cetate waste dump, located to the west of Cetate.

Metal Production

The First Study contemplates that the Rosia Montana project will produce an average of 755,000 ounces of gold per year over the life of the mine, ranging from 870,000 ounces of gold per year early in the life of the mine to 625,000 ounces of gold per year later in the mine life. In addition, an average of 2.6 million ounces of silver will be produced per year as a by-product over the life of the mine, ranging from 1.6 million ounces to 4.2 million ounces.

Metallurgical Testwork and Process Design

Metallurgical Testwork Program

A comprehensive program of metallurgical testwork was designed and managed by Minproc. Samples were collected for bench-scale, variability and comminution testwork, in order to determine process design. The selected optimal flowsheet has been extensively tested. A total of 590 variability samples, 23 composite samples, 6 low grade composite samples, 7 semi-autogenous grinding ("SAG") mill bench scale samples and 3 SAG mill pilot plant samples were collected and assessed.

Recoveries

Metallurgical testwork results, based on weighted average recoveries of different ore types, indicate overall gold recoveries of 80.9% and silver recoveries of 54.1%.

Process Plant

A number of process options for gold recovery were examined as part of the First Study. The optimal process facilities selected as a result of the metallurgical testwork include conventional coarse crushing, SAG and ball mill grinding, gravity concentration and carbon in leach ("CIL") recovery. Run of mine material will be transferred from a stockpile directly into the gyratory crusher, and then into the grinding and classification circuit consisting of a SAG mill, 2 ball mills and a pebble crusher. Primary and secondary gravity recovery of free gold by in line pressure jigs will be followed by a full CIL circuit consisting of nine 6,700 cubic metre tanks to handle an average 2,500 tph throughput. Two elution circuits will generate eluate for treatment by electrowinning, with precious metals to be recovered in dore bars. Tailings slurry will be washed for cyanide recovery prior to discharge to the tailings management facility. Provision has been made for cyanide destruction on any tailings management facility discharge.

The process plant has been designed to operate 7 days per week, 24 hours per day.

The process plant will be located on the side of a ridge between the Salistei valley and the Rosia Montana valley. This location was chosen for its proximity to the Cirnic and Cetate pits, which provide the majority of the proven and probable reserves, as well as its proximity to the tailings management facility to be situated in the Corna valley. The Rosia Montana project is well serviced from an infrastructure perspective as it is situated in a region with existing large mines. The project is accessible by paved roads, has adequate power and water supply nearby and will benefit from a new fibre optic link to the village of Rosia Montana.

Tailings Management Facility

Tailings from the process plant will be pumped to a tailings management facility with a capacity of 250 million tonnes situated in the Corna valley, located immediately to the southwest of Cirnic. The construction of the tailings management facility has been separated into two components, the tailings basin and the tailings embankment. The tailings basin will be developed and expanded in 4 stages over the operating life of the mine and may not require a formal liner system given the high impermeability of the overburden and underlying cretaceous sediment. The tailings embankment will be constructed in 9 stages over the life of the mine and will be approximately 180m above the floor of the Corna valley upon completion. This embankment will be constructed primarily from mine waste rock.

The water balance analysis of the tailings facility indicates that it will be in water deficit under most climatic conditions as long as run-off from the pits and waste dump is managed. The tailings management facility will therefore not need to discharge water to the environment except after the occurrence of an extreme storm event. At all times there will be adequate storage capacity for ongoing operations in the tailings management facility to contain the run-off from a probable maximum precipitation event. In the event of an extreme storm event, however, the excess water will either be stored in the tailings management facility for future use in the process or treated to acceptable standards and released.

Environmental Impact and Management

An Environmental Impact Assessment ("EIA") was prepared as part of the First Study. The EIA addresses the construction, operation and closure of the project and covers all identified significant environmental issues. The EIA will be submitted to the Romanian Environmental Protection Agency and will form the basis for the grant of an Environmental Agreement allowing the development of the project to proceed. The First Study also sets out the framework for the development of an environmental management plan for the project.

Community Development and Resettlement

Planning Alliance prepared a Resettlement Action Plan (the "RAP") for the relocation and resettlement of the communities within the Rosia Montana Borough that will be affected by the development of a large-scale mining operation at Rosia Montana. The RAP establishes a framework to integrate mine planning and community planning in a coherent and fair manner throughout the resettlement and development process. Implementation of the RAP will require the Company to negotiate resettlement and relocation packages and schedules. The RAP conforms to existing World Bank directives on involuntary resettlement, as well as Romanian legal requirements.

In March 2001, the Local Council of the Rosia Montana Borough, representing the affected communities, approved a new land use plan for the Rosia Montana Borough, consisting of a General Urbanistic Plan and related regulations (the "GUP") and a Territorial Planning Plan (the "TPP").

The GUP and TPP collectively modify existing land usage within the Rosia Montana Borough to specifically incorporate and authorize the development of Rosia Montana as a large scale open pit mining operation. In essence, the GUP and TPP have rezoned, for industrial purposes, all land within the Rosia Montana Borough that will be required for the development of a new mine at Rosia Montana. The placement of the embankment for the tailings management facility within the Abrud Borough will, however, necessitate an amendment to the GUP and TPP for Abrud to accommodate the embankment. The GUP and TPP, when taken together with the provisions of the Romanian Mining Law, provide the Company with the legal basis to undertake the implementation of the proposed Resettlement Action Plan.

Capital Costs

Initial capital costs will be approximately US$295.9 million, comprised of approximately US$11.3 million in pre-production mining, US$41.4 million in mining equipment and mine development, US$169.9 million in process plant and infrastructure costs, US$15.4 million in tailings management facility costs, US$57.9 million in owners' costs, which include village resettlement costs. Working capital of US$5.3 million is required during year one of operations. Total sustaining and deferred capital over the life of mine will be approximately US$130.3 million.

Operating Costs

After silver credits, cash operating costs (before government royalties) are anticipated to average US$102 per ounce of gold over the life of the mine. The total cash costs, including government royalties, are expected to average US$108 per ounce of gold. All per ounce calculations of costs have been made in accordance with the guidelines established by the Gold Institute.

Financial Analysis

Based on US$275 per ounce gold and US$5.00 per ounce silver, the Rosia Montana project produces an internal rate of return of 30.3% on a 100% equity basis, and an after tax net present value of US$536 million at a discount rate of 5% and US$312 million at a discount rate of 10%. The Company has an 80% interest in the Rosia Montana project.

The project economics benefit from the disadvantaged zone status enjoyed by the region within which the Rosia Montana project is located, as well as the provisions of the Romanian Mining Law. This results in the project being exempt from income taxes until October 2009 and being exempt from customs duties for the life of the project. The Company will pay a 2% gross production royalty to the Romanian government on all production from the mine.

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

Second Definitive Feasibility Study – 8Mtpa Case

The Company has also received the second definitive feasibility study (the "Second Study") coordinated and compiled by Minproc on Rosia Montana also on a 100% project basis. A summary of the highlights of the Second Study is shown in the following table:

Plant Throughput	8 Mtpa
Reserves	10.1 Moz Gold 50.4 Moz Silver
Mine Life	25 Years
Metallurgical Recovery(1)	82.1% Au & 54.2% Ag
Average Annual Gold Production(1)	329,000 oz
Initial Capital Cost (Millions) Working Capital (Millions) Sustaining and Deferred Capital (Millions)(1)	US$192 US$2.0 US$154
Cash Operating Costs(1)(2) Total Cash Costs(1)(2) Total Production Costs(1)(2)	US$119 US$124 US$167
Internal Rate of Return(3)(4)	20.1%
Net Present Value (Millions)(3)(4) (0% Discount) Net Present Value (Millions)(3)(4) (5% Discount) Net Present Value (Millions)(3)(4) (10% Discount)	US$792 US$332 US$138
Pay Back Period	4.3 Years

(1) Over the life of the mine
(2) Per ounce gold/net of silver credits
(3) 100% equity basis
(4) After tax, US$275 per ounce of gold, for 100% of the project in which the Company has an 80% interest

A description of the various components of the Second Study is set forth below.

Overview and Scope of the Second Study

In addition to the First Study, the Company also engaged Minproc to coordinate the preparation of the Second Study, using the same consultants as were used for the First Study.

The Second Study addresses all aspects relevant to the demonstration of both the technical and economic viability of the development of a large scale 8 mtpa open pit mine and processing plant at Rosia Montana. The First Study contemplated a 20 mtpa open pit mine and processing plant.

The First Study and the Second Study present the Company with two different development scenarios for the Rosia Montana project and provide the Company with the basis to commence an analysis to determine the optimum scale of, and approach to, the ultimate development of Rosia Montana.

Resources

RSG calculated the measured, indicated and inferred resources for the Second Study, using a 0.6 g/t gold cutoff, a 10 x 10 x 10 metre block size and multiple indicator kriging, as follows:

Category Of Resource	Tonnes	Grade (g/t) Gold	Grade (g/t) Silver	Contained Ounces Gold	Contained Ounces Silver	Percentage of Resource (%)(Oz Au)
Measured	134,580,000	1.6	8	6,860,000	36,430,000	48
Indicated	161,870,000	1.2	5	6,130,000	24,910,000	43
Total M&I:	296,450,000	1.4	6	12,990,000	61,340,000	91
Inferred	47,620,000	0.9	4	1,310,000	5,670,000	9

The resources were calculated by RSG in accordance with NI 43-101. Dr. Julian Barnes, BSc (Hons), PhD, of RSG, is the qualified person (as defined in NI 43-101) responsible for the resource estimate included in the Second Study.

Reserves

RSG calculated the proven and probable reserves for the Second Study, using a block value methodology approximating a 0.6 g/t Au cut-off grade, as follows:

Proven and Probable Reserves

Category	Tonnes	Grade (g/t) Gold	Grade (g/t) Silver	In Situ Metal (Moz) Gold	In Situ Metal (Moz) Silver
Proven	108,000,000	1.8	9.4	6,100,000	32,500,000
Probable	91,700,000	1.3	6.1	4,000,000	17,800,000
Total:	199,700,000	1.6	7.8	10,100,000	50,400,000

The reserves were calculated by RSG in accordance with NI 43-101. Mr. Harry Warries of RSG, and Mr. David Quinlivan of RSG, are the qualified persons (as defined in NI 43-101) responsible for the reserve estimate included in the Second Study.

Mining

Mining Method

The Second Study contemplates that the Rosia Montana project will be operated as a large scale, bulk tonnage, conventional open-pit mine using an owner-operated fleet of 140 tonne hydraulic excavators and 90 tonne haul trucks for primary production. As reserves are distributed among four principal areas, being Cetate, Cirnic, Orlea and Jig, located in close proximity to one another and straddling the Rosia Montana valley, mining will occur in four separate open pit mine sites. The mine has been designed to operate 24 hours a day, 7 days a week.

Throughput

Mining is based on an average mining rate of 8 mtpa over a mine life of 25 years. Throughput will vary from a rate of approximately 6.4 mtpa for hard ore, 7.5 mtpa for medium ore, and 9.6 mtpa for soft ore. The average breakdown in ore hardness is approximately 10% hard, 43% medium and 47% soft ore. Accordingly, the process plant has been specifically designed to accommodate throughputs varying from 800 tph for hard ore, to 1,200 tph for soft ore.

Mine Scheduling

Mining is scheduled to commence at Cetate, as it is situated closest to the process plant and requires the least amount of development. Cirnic will be mined next. Cetate and Cirnic together comprise the majority of the proven and probable reserves. Orlea will follow, with Jig being the final pit to be developed. Staged pits have been designed for Cirnic, Cetate and Orlea to allow proper sequencing of development and mining from all pits, while a single stage was designed for Jig. All pits will use bench heights of 10 metres, will have average pit slope angles of between 40 and 50 degrees and extend to a maximum depth of between 220 metres and 260 metres.

Waste

A total of approximately 196.4 million tonnes of waste 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 0.98 to 1. The operational mine plan involves the use of approximately 33 million tonnes of mine waste rock in the construction of the tailings management facility. All additional waste will be deposited on one of the two principal waste dumps, being the Cirnic waste dump, located south of Cirnic, and the Cetate waste dump, located to the west of Cetate.

Metal Production

The Second Study contemplates that the Rosia Montana project will produce an average of 329,000 ounces of gold per year over the life of the mine, ranging from 476,000 ounces of gold per year early in the life of the mine to 210,000 ounces of gold per year later in the mine life. In addition, an average of 1.1 million ounces of silver will be produced per year as a by-product over the life of the mine, ranging from 2.3 million ounces to 0.3 million ounces.

Metallurgical Testwork and Process Design

The metallurgical testwork program for the First Study was utilized for the Second Study and such testwork results indicate, based on weighted average recoveries of different ore types, overall gold recoveries of 82.1% and silver recoveries of 54.2%.

Process Plant

The optimal process facilities are the same as for the First Study and include conventional coarse crushing, SAG and ball mill grinding with recycle crushing, gravity concentration and CIL recovery. Run of mine material will be transferred from a stockpile directly into the gyratory crusher, and then into the grinding and classification circuit consisting of a SAG mill, ball mill and a pebble crusher. Primary and secondary gravity recovery of free gold by in line pressure jigs will be followed by a full CIL circuit consisting of seven 3,500 cubic metre tanks to handle an average 1,000 tph throughput. The elution circuit will generate eluate for treatment by electrowinning, with precious metals to be recovered in dore bars. Tailings slurry will be washed for cyanide recovery prior to discharge to the tailings management facility. Provision has been made for cyanide destruction prior to discharge of tailings to the tailings management facility.

The process plant has been designed to operate 7 days per week, 24 hours per day.

The process plant will be located as described in the First Study. The Rosia Montana project is well serviced from an infrastructure perspective as it is situated in a region with existing large mines. The project is accessible by paved roads, has adequate power and water supply nearby and will benefit from a new fibre optic link to the village of Rosia Montana.

Tailings Management Facility

Tailings from the process plant will be pumped to a tailings management facility with a capacity of 250 million tonnes situated in the Corna valley, located immediately to the southwest of Cirnic. The construction of the tailings management facility has been separated into two components, the tailings basin and the tailings embankment. The tailings basin will be developed and expanded in 5 stages over the operating life of the mine and may not require a formal liner system given the high impermeability of the overburden and underlying cretaceous sediment. The tailing embankment will be constructed in 19 stages over the life of the mine and will be approximately 180m above the floor of the Corna valley upon completion. This embankment will be constructed primarily from mine waste rock.

The water balance analysis of the tailings facility indicates that it will be in water deficit under most climatic conditions as long as run-off from the pits and waste dump is managed. The tailings management facility will therefore not need to discharge water to the environment except after the occurrence of an extreme storm event. At all times there will be adequate storage capacity for ongoing operations in the tailings management facility to contain the run-off from a probable maximum precipitation event. In the event of an extreme storm event, however, the excess water will either be stored in the tailings management facility for future use in the process or treated to acceptable standards and released.

Environmental Impact and Management

An EIA was prepared as part of the Second Study and addresses the construction, operation and closure of the project and covers all identified significant environmental issues.

Community Development and Resettlement

For the Second Study, Planning Alliance prepared a RAP for the relocation and resettlement of the communities within the Rosia Montana Borough that will be affected by the development of a large-scale mining operation at Rosia Montana. The RAP conforms to existing World Bank directives on involuntary resettlement, as well as Romanian legal requirements.

Capital Costs

Initial capital costs will be approximately US$192.4 million, comprised of approximately US$9.4 million in pre-production mining, US$24 million in mining equipment and mine development, US$101.2 million in process plant and infrastructure costs, US$13.1 million in tailings management facility costs, US$24 million in village resettlement costs, and US$20.8 million in owners' costs. Working capital of US$2 million is required during year one of operations. Total sustaining and deferred capital over the life of mine will be approximately US$153.5 million.

Operating Costs

After silver credits, cash operating costs (before government royalties) are anticipated to average US$119 per ounce of gold over the life of the mine. The total cash costs, including government royalties, are expected to average US$124 per ounce of gold. All per ounce calculations of costs have been made in accordance with the guidelines established by the Gold Institute.

Financial Analysis

Based on US$275 per ounce gold and US$5.00 per ounce silver, the Rosia Montana project produces an after tax internal rate of return of 20.1% on a 100% equity basis, and an after tax net present value of US$332 million at a discount rate of 5% and US$138 million at a discount rate of 10%. The Company has an 80% interest in the Rosia Montana project.

The project economics benefit from the disadvantaged zone status enjoyed by the region within which the Rosia Montana project is located, as well as the provisions of the Romanian Mining Law. This results in the project being exempt from income taxes until October 2009 and being exempt from customs duties for the life of the project. Gabriel will pay a 2% gross production royalty to the Romanian government on all production from the mine.

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

Future Development of Rosia Montana

The First Study and the Second Study present the Company with two different development scenarios for the Rosia

Montana project and provide the Company with the basis to undertake an analysis to determine the optimum scale of, and approach to, the ultimate development of Rosia Montana.

An integral part of this analysis will include further review of optimum throughput levels, potential alternate tailings management facility sites, contract mining scenarios, project debt capacity, as well as a variety of other studies designed to optimize the Company's ultimate approach to development. The Company expects this analysis to be complete by year end.

This analysis will be followed by a production decision, the commencement of the process to relocate and resettle the communities within the Rosia Montana Borough that will be affected by the ultimate mine development, land acquisition associated with such relocation, as well as basic engineering and project debt financing.

RISK FACTORS RELATING TO OUR BUSINESS

The following risk factors apply to our business:

Foreign Country and Political Risk

All of our property interests are located in Romania and consequently we are subject to certain risks, including currency fluctuations and possible political or economic instability in that country which may result in the impairment or loss of mineral concessions or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond our control and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine safety.

Exploration and Mining Risks

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, none of our properties, other than Rosia Montana, have proven and probable reserves. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. We have relied and may continue to rely, upon consultants and others for operating expertise. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, 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 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, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of gold or other minerals produced, we may determine that it is impractical to commence or continue commercial production.

Financing Risks

We have limited financial resources, have no source of operating cash flow and have no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfil our obligations under any applicable agreements. Although we have been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Environmental and other Regulatory Requirements

Our activities are subject to environmental regulations promulgated by government agencies from time to time. 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 would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. 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 has a potential to reduce the profitability of operations.

Our current exploration activities, including any development activities and commencement of production on our properties, require permits from various 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 we may require 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 we may undertake. We believe we are in substantial compliance with all material laws and regulations which currently apply to our 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, or more stringent implementation thereof, could have a material adverse impact on us 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.

Community Resettlement

In order to develop the Rosia Montana project, the Company will be obliged to relocate and resettle the communities within the Rosia Montana and Corna valleys, including associated houses, social facilities and other structures. The Company has developed a Resettlement Action Plan ("RAP") which conforms to the existing World Bank Operational Directive 4.30 on Involuntary Settlement and to Romanian legal requirements, and the Company is proceeding to implement the RAP and to negotiate with the affected communities. However, there is no certainty that the RAP will be carried out within the time frame and within the range of costs currently estimated by the Company.

Limited Experience with Development-Stage Mining Operations

We have limited experience in placing resource properties into production, and our ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that we will have available to us the necessary expertise when and if we place our resource properties into production.

Estimates of Mineral Reserves and Resources and Production Risks

The mineral reserve and resource estimates contained in this short form prospectus are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large 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 projects. The estimated reserves and resources described in the documents incorporated by reference herein should not be interpreted as assurances of mine life or of the profitability of future operations.

Mineral Prices

The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of same. Factors beyond our control may affect the marketability of any substances discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond our control, including government regulations relating to price, royalties, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of our securities.

Competition

We will compete with many international companies that have substantially greater financial and technical resources than us for the acquisition of mineral concessions as well as for the recruitment and retention of qualified employees.

Share Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the per share price of our common shares fluctuated from a high of $4.68 to a low of $2.35 within the 12 month period preceding the date hereof. There can be no assurance that continual fluctuations in price will not occur.

Title Matters

The acquisition of title to mineral concessions in Romania is a detailed and time consuming process. Title to and the area of mining concessions may be disputed. While we have diligently investigated title to all mineral concessions and, to the best of its knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undisclosed and undetected defects.

Repatriation of Earnings

Currently there are no restrictions on the repatriation from Romania of earnings to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Romania will not be imposed in the future.

Dividends

All of our available funds will be invested to finance the growth of our business and, therefore, investors cannot expect to receive a dividend on our common shares in the foreseeable future.

Enforcement of Civil Liabilities

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

Currency Fluctuations

Our operations in Romania make us subject to foreign currency fluctuations and such fluctuations may materially affect our financial position and results.

Dependence On Key Management

Our development to date has largely depended and in the future will continue to depend on the efforts of key management. Loss of any of these people could have a material adverse effect on us or our business. In this sense we have been, and continue to be, particularly reliant on Mr. V. Frank Timis, our Chairman and a director and past President. We have a key man life insurance policy in favour of the Company in effect on Mr. Timis. However, should Mr. Timis' involvement with us be curtailed for any reason in the foreseeable future, such curtailment could have a significant adverse impact on us and, therefore, the price of our shares.

USE OF PROCEEDS

The gross proceeds to be received by us from the sale of the common shares will be $● assuming the entire offering is subscribed and $● if the Over-Allotment Option is fully exercised. The net proceeds to be received by us will be $● after payment of the Agents' cash commission of $● and after deducting costs of the issue estimated at $200,000. We propose to use these proceeds to advance our Rosia Montana project in Romania, through the next stages of permitting, project financing and basic engineering, leading to the ultimate construction of a new mine and production of precious metals therefrom, and for working capital and general corporate purposes.

The projected breakdown of the use of the net proceeds is as follows:

Rosia Montana	
Basic engineering	$•
Village relocation	$•
Permitting and land acquisition	$•
Working Capital and General Corporate Purposes	$•
Total:	$•

PLAN OF DISTRIBUTION

The Offering

By our Agents, we hereby offer for sale to the public, on a best efforts basis, up to ● common shares at a price of $● per share on the terms and subject to the conditions contained in the Agency Agreement dated ●, 2001 between us and the Agents.

Under the terms of the Agency Agreement, the Agents will be granted an option (the "Over-Allotment Option") to sell up to an additional ● common shares ("Over-Allotment Shares") at $● per common share to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option will be exercisable for a period of 30 days from the closing of the offering to acquire the Over-Allotment Shares.

The offering price of the common shares offered hereby has been determined by negotiation between us and the Agents.

We have applied to list the common shares to be distributed under this short form prospectus on the TSE. Listing will be subject to the our fulfilling all the listing requirements of the TSE on or before ●, 2001.

Pursuant to the terms of the Agency Agreement, prior to closing we have the right to terminate this offering should we enter into certain major transactions as defined in the Agency Agreement, including (a) an issuance of our securities in excess of 5% of the total value or number of securities currently outstanding, and (b) a merger, amalgamation, arrangement or reorganization, a joint venture or sale of all or substantially all of our assets, an exchange of assets or any similar transactions. In the event of the occurrence of (a) above, we will pay to the Agents a break fee equal to 2.75% of the proposed offering proceeds and in the event of (b) a break fee equal to $825,000, provided that, if any success fee is also paid to HSBC under the January 2001 engagement, the latter break fee shall be reduced by HSBC's share of the Agents' fees otherwise payable in connection with this offering and shall be payable only to the other Agents.

Appointment of Agents

Pursuant to the Agency Agreement, we appointed the Agents to offer the common shares to the public in the provinces of Ontario, Alberta, Manitoba and Québec. In consideration for the services to be performed by the Agents, we have agreed to pay to the Agents a fee equal to ●% of the gross proceeds of the offering. In addition, the Agents will receive Compensation Warrants exercisable for a period of 24 months following closing of the offering, entitling the Agents to purchase in the aggregate such number of Agents' Shares as is equal to ●% of the total number of common shares sold pursuant to the offering at a price equal to $● per Agent’s Share during the first year and at a price of $● per Agent’s Share during the second year.

The obligations of the Agents under the Agency Agreement may be terminated at their discretion upon the occurrence of certain stated events.

The Agents reserve the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers or investment dealers, who may or may not be offered part of the Agents' commission or the Compensation Warrants.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Agents may not, throughout the period of distribution, bid for or purchase common shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the common shares. Such exceptions include a bid or purchase permitted under the by-laws and rules of the TSE relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first-mentioned exception, in connection with this offering, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the common shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Offering in the United States

Our common shares offered hereby have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "1933 Act"), or the securities laws of any state of the United States of America, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined by Regulation S), provided, that common shares may be offered and sold by us to accredited investors pursuant to Rule 506 under the 1933 Act and common shares may be offered and sold by the Agents to qualified institutional investors pursuant to Rule 144A under the 1933 Act. The Agents have agreed that they will not offer or sell any of the common shares offered hereby within the United States or to U.S. persons except pursuant to an exemption from the registration requirements under the 1933 Act and only as permitted by the Agency Agreement. In addition, until 40 days after commencement of the offering of common shares pursuant to this short form prospectus, an offer or sale of such securities within the United States or to, or for the account or benefit of, any U.S. person by any dealer (whether or not participating in the offering) may violate the registration requirements under the 1933 Act if such an offer or sale is made otherwise than in accordance with an appropriate exemption from the registration requirements under the 1933 Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the common shares in the United States.

Certificates representing any common shares which are sold in the United Sates or to or for the account or benefit of a U.S. person will bear a legend to the effect that the securities represented thereby are not registered under the 1933 Act and may only be offered or sold pursuant to certain exemptions from the registration requirements of the 1933 Act.

Qualification of Securities for Distribution

This short form prospectus qualifies the distribution of the common shares. This short form prospectus also qualifies the distribution of the Compensation Warrants and the Over-Allotment Option to the Agents and the issuance of Over-Allotment Shares. The Agents may sell any Over-Allotment Shares acquired on the exercise of the Over-Allotment Option or any Agent's Shares acquired on the exercise of the Compensation Warrants pursuant to the securities legislation of the provinces of Ontario, Alberta, Manitoba and Québec, without further qualification.

CONSOLIDATED CAPITALIZATION

Since December 31, 2000, we issued 1,725,793 common shares at $1.20 per share and 348,100 common shares at $2.30 per share all upon the exercise of previously issued share purchase warrants. On March 2, 2001, we issued 400,000 common shares at a price of $2.52 per share upon the exercise of previously issued incentive stock options. In addition, on July 12, 2001 we issued 3,000,000 common shares at $3.50 per share on closing of a brokered private placement. On that date we also issued 100,000 common shares at a deemed price of $3.50 per share to Resource Capital Fund II LLP (the "Fund") in consideration of the Fund's commitment to provide a proposed $10 million bridge financing debt facility. On August 23, 2001, we issued 392,400 common shares at $1.40 per share upon the exercise of previously issued share purchase warrants.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Our authorized capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at the date of this short form prospectus, we had 81,510,954 common shares outstanding and no preferred shares outstanding.

We are offering our common shares to the public in the provinces of Ontario, Alberta, Manitoba and Québec. All our issued common shares are fully paid and are not subject to any future call or assessment. All of our issued common shares rank equally as to voting rights, participation and a distribution of our assets on liquidation, dissolution or winding-up and the entitlement to dividends, subject to the rights of any holders of preferred shares.

Holders of common shares are entitled to receive notice of, attend and vote at all our meetings of shareholders. Each common share carries one vote at such meetings. Holders of common shares are entitled to dividends if and when declared by the directors and, upon liquidation, to receive such portion of our assets as may be distributable to such holders.

Any preferred shares which we might issue in future would be issuable in series by our board of directors who may alter our articles to create, define and attach special rights and restrictions to each series of preferred shares. The preferred shares shall rank on parity with the preferred shares of every other series and rank in priority over the common shares with respect to the payment of dividends and the distribution of our assets in the event of liquidation, dissolution, or winding-up. In the event of liquidation, dissolution or the winding-up, a holder of preferred shares shall be entitled to receive the amount payable on redemption, retraction or repurchase of such shares before any amount is paid or assets distributed to the holders of common shares.

PROMOTERS

V. Frank Timis, our Chairman and a director is our only "promoter". Mr. Timis holds beneficially 8,941,000 shares of the Company, representing approximately 10.96% of our issued and outstanding shares and options to purchase an additional 3,000,000 shares of the Company.

Mr. Timis has taken the initiative in securing the property interests currently held by the Company (including the Rosia Montana property) and obtaining financing to develop the properties. Accordingly, our success to date has in large measure resulted from his efforts. The board of directors regards his participation in the Company as important to its future success.

In respect to events which precede by a number of years the commencement of Mr. Timis' involvement with the Company in 1997, Mr. Timis received a number of penalties and sanctions in Australia including three for narcotic related offences. In the first such offence Mr. Timis was convicted of possession of marijuana in 1982 and fined Aus. $1,000. Mr. Timis was charged in 1988 and convicted of possession of heroin with intent to sell or supply to another and fined Aus. $10,000 in 1990. In the third offence Mr. Timis was charged in 1991 with possession of approximately 17 grams of heroin with intent to sell or supply it to another. Mr. Timis was convicted of possession with intent to sell or supply and fined Aus. $17,000 in 1994. Mr. Timis has also been convicted of various minor, largely motor vehicle, offences. The Company's board of directors, having previously considered these matters, takes the view that they are not material to the Company, its assets or the conduct of its business.

LEGAL MATTERS

Certain legal matters relating to the offering and to the common shares to be distributed pursuant to this short form prospectus will be reviewed on our behalf by Fraser Milner Casgrain LLP and by Aird & Berlis LLP on behalf of the Agents. As of the date hereof, the partners and associates of Fraser Milner Casgrain LLP as a group and the partners and associates of Aird & Berlis LLP as a group beneficially owned directly or indirectly less than 1% of our issued and outstanding common shares.

On May 30, 2001, Gerrard "Tim" Wood, a former President and Chief Executive Officer of the Company commenced an action in British Columbia Supreme Court claiming "wrongful dismissal" with respect to his departure from the Company in 1997. Mr. Wood now claims, among other things, (i) three years salary and benefits from the date of departure, (ii) damages for alleged loss of salary during his term of service, and (iii) damages for loss of options. On August 9, 2001 the Supreme Court of British Columbia granted our application to dismiss the action on jurisdictional grounds. Mr. Wood has filed an appeal with the British Columbia Court of Appeal. We believe Mr. Wood’s claim to be without merit and intend to vigorously defend against it.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are PricewaterhouseCoopers LLP, Chartered Accountants. The transfer agent and registrar for our common shares is Computershare Investor Services Inc. at its principal offices in the cities of Toronto, Ontario and Vancouver, British Columbia.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. You should refer to applicable provisions of the securities legislation of your province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

November 15, 2001

This short form prospectus together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of the provinces of Ontario, Alberta, Manitoba and Québec. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) CLIFFORD J. DAVIS
Chief Executive Officer

(Signed) PAUL MARTIN
Chief Financial Officer

On Behalf of the Board of Directors
of the Company

(Signed) V. FRANK TIMIS
Director

(Signed) FRANK D. WHEATLEY
Director

CERTIFICATE OF THE PROMOTER

November 15, 2001

This short form prospectus together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of the provinces of Ontario, Alberta, Manitoba and Québec. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) V. FRANK TIMIS

CERTIFICATE OF THE AGENTS

November 15, 2001

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus, as required by the securities laws of the provinces of Ontario, Alberta, Manitoba and Québec. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

HSBC SECURITIES (CANADA) INC.

(Signed) P.E. KAVANAGH

CANACCORD CAPITAL CORPORATION	DUNDEE SECURITIES CORPORATION
(Signed) MICHAEL G. GREENWOOD	(Signed) RICHARD M. COHEN