Gabriel Resources Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the period ended March 31, 2018

Condensed Consolidated Statement of Financial Position

As at March 31, 2018 and December 31, 2017

(Unaudited and expressed in thousands of Canadian dollars)

	Notes	**March 31 2018**	December 31 2017
Assets			
Current assets			
Cash and cash equivalents	7	**27,910**	31,220
Trade and other receivables		**792**	875
Prepaid expenses and supplies		**642**	520
Total current assets (excluding assets classified as held for sale)		**29,344**	32,615
Assets classified as held for sale	6	**14,374**	13,723
Total current assets		**43,718**	46,338
Non-current assets			
Restricted cash		**571**	850
Property, plant and equipment		**121**	112
Total non-current assets		**692**	962
TOTAL ASSETS		**44,410**	47,300
Liabilities			
Current liabilities			
Trade and other payables	8	**5,287**	3,909
Resettlement liabilities	9	**544**	532
Other current liabilities	10	**888**	1,156
Total current liabilities		**6,719**	5,597
Non-current liabilities			
Convertible, subordinated, unsecured notes	17	**65,103**	63,201
Total non-current liabilities		**65,103**	63,201
TOTAL LIABILITIES		**71,822**	68,798
Deficit			
Share capital		**868,288**	868,288
Other reserves		**133,817**	133,449
Currency translation adjustment		**2,103**	1,579
Accumulated deficit		**(1,035,696)**	(1,028,765)
Deficit attributable to owners of the parent		**(31,488)**	(25,449)
Non-controlling interest	11	**4,076**	3,951
TOTAL DEFICIT		**(27,412)**	(21,498)
TOTAL DEFICIT AND LIABILITIES		**44,410**	47,300

Going concern – Note 1

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

Condensed Consolidated Income Statement

For the three month period ended March 31

(*Unaudited and expressed in thousands of Canadian dollars, except per share data)*

	3 months ended March 31 2018	2017
Expenses		
Corporate, general and administrative	**5,254**	7,081
Share-based compensation	**90**	171
Depreciation	**18**	41
Operating loss	**5,362**	7,293
Other (income) / expense		
Interest received	**(77)**	(62)
Finance costs: convertible notes accretion	**1,902**	1,690
Foreign exchange (gain) / loss	**(256)**	424
Loss for the period attributable to owners of the parent	**6,931**	9,345
Basic and diluted loss per share	**$0.02**	$0.02

Condensed Consolidated Statement of Comprehensive Income

For the three month period ended March 31

(*Unaudited and expressed in thousands of Canadian dollars)*

	3 months ended March 31 2018	2017
Loss for the period	**6,931**	9,345
Other comprehensive loss		
- may recycle to the Income Statement in future periods		
Currency translation adjustment	**(649)**	(2)
Comprehensive loss for the period	**6,282**	9,343
Comprehensive loss / (gain) for the period attributable to:		
- Owners of the parent	**6,407**	9,343
- Non-controlling interest	**(125)**	-
Comprehensive loss for the period	**6,282**	9,343

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

Condensed Consolidated Statement of Changes in Shareholders’ (Deficit) / Equity

For the three month period ended March 31

(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended March 31	
	2018	2017
Common shares		
At January 1	**868,288**	868,279
Shares issued on the exercise of share options	**-**	5
Transfer from contributed surplus: exercise of share options	**-**	4
At March 31	**868,288**	868,288
Other reserves		
At January 1	**133,449**	131,562
Share-based compensation	**368**	441
Exercise of share options	**-**	(4)
At March 31	**133,817**	131,999
Currency translation adjustment		
At January 1	**1,579**	1,329
Currency translation adjustment	**524**	2
At March 31	**2,103**	1,331
Accumulated deficit		
At January 1	**(1,028,765)**	(991,085)
Loss for the period	**(6,931)**	(9,345)
At March 31	**(1,035,696)**	(1,000,430)
Non-controlling interest		
At January 1	**3,951**	3,891
Currency translation adjustment	**125**	-
At March 31	**4,076**	3,891
Total shareholders' (deficit) / equity at March 31	**(27,412)**	5,079

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

Condensed Consolidated Statement of Cash Flows

For the three month period ended March 31

(Unaudited and expressed in thousands of Canadian dollars)

	3 months ended March 31	
	2018	2017
Cash flows used in operating activities		
Loss for the period	**(6,931)**	(9,345)
Adjusted for the following non-cash items:		
Depreciation	**18**	41
Share-based compensation	**90**	171
Finance costs - convertible note accretion	**1,902**	1,690
Unrealized foreign exchange gain	**(312)**	(357)
	(5,233)	(7,800)
Changes in operating working capital:		
Unrealized foreign exchange (gain) / loss	**(33)**	14
Increase in accounts payable	**1,679**	2,619
Increase in accounts receivable	**(39)**	(262)
	(3,626)	(5,429)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(29)**	(44)
	(29)	(44)
Cash flows provided by financing activities		
Proceeds from the exercise of share options	**-**	4
	-	4
Decrease in cash and cash equivalents	**(3,655)**	(5,469)
Effect of foreign exchange on cash and cash equivalents	**345**	343
Cash and cash equivalents - beginning of period	**31,220**	60,267
Cash and cash equivalents - end of period	**27,910**	55,141

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

1. Nature of operations and going concern

Gabriel Resources Ltd. (“Gabriel” or the “Company”) is a Canadian resource company whose common shares are listed on the TSX Venture Exchange (“Exchange”). Gabriel effected the transfer of its listing from the Toronto Stock Exchange (the “TSX”) to the Exchange as of February 1, 2018.

Gabriel’s activities were previously focused on permitting and developing the Roșia Montană gold and silver project (the “Project”) in Romania, and are now focused on an international bilateral investment treaty claim against Romania, as explained further below. The exploitation license for the Project (“License”) is held by Roșia Montană Gold Corporation S.A. (“RMGC”), a Romanian company in which Gabriel owns an 80.69% equity interest, with the 19.31% balance held by Minvest Roșia Montană S.A. (“Minvest RM”), a Romanian state-owned mining company.

Upon obtaining the License in 1999, RMGC, along with Gabriel and its subsidiary companies (together the “Group”), focused substantially all of their management and financial resources on identifying and defining the size of the four known ore bodies, engineering to design the size and scope of the Project, surface rights acquisitions, rescue archaeology and environmental assessment and permitting.

On July 21, 2015, pursuant to the provisions of international bilateral investment protection treaties which the Romanian State entered into with each of Canada and the United Kingdom of Great Britain and Northern Ireland for the Promotion and Reciprocal Protection of Investments (together the “Treaties”), Gabriel and its subsidiary company, Gabriel Resources (Jersey) Limited (“Claimants”), filed a request for arbitration (“Arbitration Request”) before the World Bank’s International Centre for Settlement of Investment Disputes (“ICSID”) against the Romanian State (“ICSID Arbitration”). The Arbitration Request was registered by ICSID on July 30, 2015 and the presiding tribunal for the ICSID Arbitration (“Tribunal”) was constituted on June 21, 2016. The ICSID Arbitration seeks compensation for all of the loss and damage resulting from the State’s wrongful conduct and its breaches of the Treaties’ protections against expropriation, unfair and inequitable treatment and discrimination in respect of the Project and the related licenses.

Whilst the Company’s primary objective has been the development of the Project to operational status, as of the date of these Condensed Financial Statements, the core focus of the Company is the progression of the ICSID Arbitration. Key milestones to date include:

- The first Tribunal hearing took place on August 12, 2016.
- On January 10, 2017, the Tribunal issued its procedural calendar for the ICSID Arbitration process and required documents (“Procedural Calendar”).
- On June 30, 2017, the Claimants delivered a memorial to ICSID on the merits and quantum of the ICSID Arbitration claim (“Memorial”).
- On February 7, 2018, the President of the Tribunal resigned and, in accordance with ICSID Arbitration rules, the ICSID Arbitration proceedings were suspended pending the appointment of a replacement President.
- On February 22, 2018, the Romanian State delivered a counter memorial (“Counter Memorial”) in response to the Memorial filed by the Claimants. Gabriel, together with its counsel, is currently preparing its reply in support of its claim (“Reply”).
- On April 5, ICSID appointed a new President of the Tribunal and the suspension of the proceedings was lifted.

1. Nature of operations and going concern (continued)

The approved 2018 budget includes those expenditures and commitments necessary to maintain the Company's primary assets, as well as its License and associated rights and permits, and the material estimated costs associated with the Company advancing the ICSID Arbitration. On the basis of the Company's balance of cash and cash equivalents as at March 31, 2018 and its budgeted activities, including the current Procedural Calendar for the ICSID Arbitration, the Company estimates that it has sufficient funding to cover its planned activities through to the second quarter of 2019. Management continues to review the Company's activities in order to identify areas to rationalize expenditures. Management is also in ongoing discussions about the provision of longer-term funding for the Company.

The Condensed Interim Consolidated Financial Statements ("Condensed Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. As noted above, pending completion of the sale of the remaining long lead time equipment and the conclusion of additional financing, there is material uncertainty over the long-term funding available to the Company that may cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Financial Statements do not reflect the adjustments to the carrying values of assets or liabilities and the reported expenses and condensed statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Company's registered address is Suite 200 – 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 1Z4. The Company receives significant management services from its wholly-owned subsidiary, RM Gold (Services) Ltd. ("RMGS"). The principal place of business for RMGS is 1 Central Court, 25 Southampton Buildings, London WC2A 1AL, United Kingdom. The Company is the ultimate parent of the Group and does not have any controlling shareholders.

2. Basis of preparation

These Condensed Financial Statements for the three month period ended March 31, 2018, have been prepared in accordance with IFRS as applicable to the preparation of interim financial statements, including International Accounting Standard 34 - Interim Financial Reporting. The Condensed Financial Statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 (the "2017 Financial Statements"), which have been prepared in accordance with IFRS.

The Condensed Financial Statements have been prepared according to the historical cost convention.

The Board approved these Condensed Financial Statements on May 8, 2018.

3. Critical accounting estimates, risks and uncertainties

The Company performed an analysis of risk factors which, if any should materialize, could materially and adversely affect the results of operations and financial position of the Company.

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities, if any, at the date of the financial statements and the reported amount of expenses and other income for the period. These estimates and assumptions are based on Management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. The significant estimates and assumptions are not materially different from those disclosed in the 2017 Financial Statements.

4. Accounting policies

The material accounting policies followed in these Condensed Financial Statements are the same as those applied in the 2017 Financial Statements, except as discussed below.

No new IFRS accounting standards have been adopted by the Company during the three-month period ended March 31, 2018, except for IFRS 9 Financial Instruments (IFRS 9).

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from January 1, 2018 resulted in changes in accounting policies; no adjustments were necessary to the amounts recognized in the financial statements comparative figures. In accordance with the transitional provisions in IFRS 9 comparative figures have not been restated. The new accounting policies are set out below.

On January 1, 2018 (the date of initial application of IFRS 9), the Company's Management assessed which business models apply to the financial assets held by the group and has determined that amortized cost is the appropriate IFRS 9 category. The Company was required to revise its impairment methodology under IFRS 9; there was no impairment loss identified. There was no impact from the adoption of IFRS 9 on the Company's financial liabilities as these continued to be accounted as financial liabilities at amortized cost.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019. The new standard that is expected to be relevant to the Company's consolidated financial statements is IFRS 16 – Leases.

- IFRS 16 – Leases. In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact that this new standard will have on the consolidated financial statements of the Company. Management has not yet concluded as to the impact on the Group.

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5. Corporate General and Administrative expenses

in thousands of Canadian dollars	3 months ended March 31 **2018**	2017
ICSID Arbitration related	**2,239**	4,388
Payroll	**1,389**	1,202
Other	**480**	521
Legal	**261**	172
Long lead-time equipment storage costs	**242**	211
Finance	**196**	192
Property and exploration taxes	**174**	159
Community relations	**125**	121
Information technology	**84**	61
External communications	**64**	54
Corporate, general and administrative expense	**5,254**	7,081

ICSID Arbitration related costs are legal and other advisory services provided to the Company in respect of the ICSID Arbitration. The decrease compared to the corresponding 2017 period is due to the significantly higher 2017 activity levels in preparation for the June 30, 2017, filing of the Memorial. Payroll is the total of salaries, bonuses and relevant taxes for all Group employees. Legal expenditures are in respect of general corporate legal advisory services to the Group.

6. Assets held for sale

Balance - December 31, 2016	13,417
Currency translation adjustment	306
Balance - December 31, 2017	13,723
Currency translation adjustment	**651**
Balance - March 31, 2018	**14,374**

The prospect of the long lead-time equipment being used in the future for the purpose for which it was purchased is considered remote. In December 2015, the Company engaged two specialist agents to broker the sale of the long lead-time equipment, and the equipment was transferred to assets held for sale on December 31, 2015. In November 2017, the Company entered into an agreement to sell a ball mill for with a net carrying value of $2.8 million as at March 31, 2018. A $0.3 million deposit was received for the ball mill which was refundable prior to January 2018 and initially accounted for as restricted cash at December 31, 2017 and subsequently moved to cash and cash equivalents as at March 31, 2018. The sale was completed on May 4, 2018 for net sale proceeds of $4.3 million. The agents' engagement is ongoing, with a view to a sale of the remaining equipment in the short-term.

The remaining long lead-time equipment comprises milling equipment, which is not yet assembled. These items are currently stored in various warehouse locations which, with non-material exceptions, are outside of Romania, the main location being the port of Antwerp, Belgium.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

7. Cash and cash equivalents

As at	**March 31 2018**	December 31 2017
Cash at bank and on hand	**2,765**	2,737
Short-term bank deposits	**25,145**	28,483
	27,910	31,220

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Cash is readily accessible and is deposited at reputable financial institutions with acceptable credit standings.

The Group manages its domestic Romanian bank credit risk by centralizing custody, control and management of its surplus cash resources from its corporate office and only transferring money to its Romanian subsidiary based on near term cash requirements, thereby mitigating exposure to domestic Romanian banks. At March 31, 2018, the Group held $0.3 million in cash and cash equivalents in Romanian banks (December 2017: $0.3 million).

Short-term bank deposits represent investments in government treasury bills with maturities, from the date of acquisition, of less than 90 days.

8. Trade and other payables

As at	**March 31 2018**	December 31 2017
Trade payables	**262**	252
Payroll liabilities	**2,100**	2,702
Accruals and other payables	**2,925**	955
	5,287	3,909

Trade and other payables are accounted for at amortized cost and are categorized as other financial liabilities. The increase in accrued expenses period on period is due to the increase in ICSID Arbitration related activities in the period since the February 2018 filing of the Counter Memorial by Romania, and related advisory services. Payroll liabilities have reduced since the beginning of the year as accrued performance related and contract renegotiation compensation payments were made.

9. Resettlement liabilities

RMGC previously had a program for purchasing homes in the Project area. Under the resettlement program residents were offered two choices; either to take the sale proceeds and move to a new location of their choosing, or exchange their properties for a new property to be built by RMGC at a new resettlement site. For those residents who chose the new resettlement site option, the Company recorded a resettlement liability for the anticipated construction costs of the resettlement houses. The total balance at March 31, 2018 was $0.5 million (December 31, 2017: $0.5 million).

10. Other current liabilities

The Company has a Deferred Share Unit (“DSU”) Plan under which qualifying participants can elect to receive certain compensation in the form of DSUs. With effect from July 1, 2016, certain Company non-executive directors have received fifty per cent of their director fees payable in DSUs. DSUs are initially valued at the five-day weighted average market price of the Company’s common shares at the date of issue. The value of DSUs is adjusted based on fair value on the closing common share price at the end of each subsequent reporting period.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

10. Other current liabilities (continued)

During the three month period ended March 31, 2018 an aggregate of 111,347 DSUs were issued to certain non-executive directors in lieu of fees for services provided during the prior quarter. The 2018 issuance of DSUs and the reporting period end fair value calculation has resulted in an aggregate decrease in the DSU liability of $0.3 million.

11. Non-controlling interest

The Company historically advanced loans totaling US$39.5 million to Minvest RM, the non-controlling shareholder of RMGC, to facilitate mandatory statutory share capital increases in RMGC in accordance with Romanian company law rules on capitalization. These loans, which remain outstanding at March 31, 2018, are non-interest bearing and according to their terms are to be repaid as and when RMGC distributes dividends to its shareholders. The loans are accounted for as part of the Group's net investment in RMGC and, accordingly, have been set-off against non-controlling interests in the Condensed Consolidated Statement of Financial Position. The loans and non-controlling interest components will be reflected individually at such time as repayment of the loans is possible.

In December 2013, the Group was required to recapitalize RMGC in order to comply with Romanian minimum capitalization company law requirements. The subscription to RMGC share capital by the Company was effected through a conversion of existing intercompany debt. On January 17, 2014 the Group agreed to transfer to Minvest RM, for nil consideration, a proportion of the shares subscribed to in December 2013, with a face value of $20.4 million, in order to preserve the ratio of respective shareholdings in RMGC. This transfer gave rise to the disclosed non-controlling interest and subsequent accounting.

12. Related party transactions

The Group had related party transactions with associated persons or corporations which were undertaken in the normal course of operations, as well as the private placements described in Note 18.

Historical related party transactions with Minvest RM are disclosed in Note 11. There have been no transactions with Minvest RM in 2018 (2017: no transactions).

13. Common share options and equity settled RSUs

With effect from July 1, 2016, certain Company non-executive directors have elected to receive all or some of their director fees payable in common share options. Director, officer, employee and consultant common share options were granted, exercised and cancelled as follows:

	Number of options ('000)	Weighted average exercise price (dollars)
Balance - December 31, 2016	26,745	0.77
Options granted	1,056	0.31
Options expired	(1,475)	1.88
Options exercised	(13)	0.40
Balance - December 31, 2017	26,313	0.69
Options granted	**177**	**0.38**
Options expired	**(2,260)**	**1.76**
Balance - March 31 2018	**24,230**	**0.59**

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

13. Common share options and equity settled RSUs (continued)

Certain officers and employees of the Company were issued a total of 2,148,748 Restricted Share Units (“RSUs”) during 2017. These RSUs have vesting dates related to the achievement of certain milestones and the expense relating to them is amortized over this period. At March 31, 2018, equity settled RSUs held by directors, officers and employees have been expensed as follows:

	Equity settled RSUs (000's)	Price per common share (dollars)	Value
Balance - December 31, 2016	-	-	-
Expense recognised	1,445	0.38	549
Cancelled	(404)	0.38	(153)
Balance - December 31, 2017	**1,041**	**0.38**	**396**
Expense recognised	402	0.37	150
Balance - March 31, 2018	**1,443**	**0.38**	**546**

14. Loss per share

	3 months ended March 31	
	2018	2017
Loss for the period attributable to owners of the parent	**6,931**	9,345
Weighted-average number of common shares (000's)	**384,453**	384,447
Basic and diluted loss per share	**$0.02**	$0.02

15. Commitments and contingencies

The following is a summary of Canadian dollar equivalent of the contractual commitments of the Group, including payments due for each of the next five years and thereafter:

	Total	2018	2019	2020	2021	2022	Thereafter
Operating lease commitments							
Rosia Montana exploitation license	417	278	139	-	-	-	-
Surface concession rights	1,102	33	33	33	33	33	937
Property lease agreements	61	61	-	-	-	-	-
Total commitments	1,580	372	172	33	33	33	937

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

16. Segmental information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's Chief Executive Officer.

The Group has two segments: the first being the Romanian operating company, the principal activity of which was formerly the exploration, evaluation and development of precious metal mining projects in the country (designated as "Romania"). The rest of the entities within the Group form part of a secondary segment (designated as "Corporate").

The segmental report is as follows:

	Romania		**Corporate**		**Total**	
For the three-month period ended March 31,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable items in the Condensed Consolidated Income Statement and Comprehensive Income						
Interest received	**-**	-	**(77)**	(62)	**(77)**	(62)
Finance costs - convertible note accretion	**-**	-	**1,902**	1,690	**1,902**	1,690
Depreciation	**10**	30	**8**	11	**18**	41
Reportable segment loss	**2,405**	1,978	**4,526**	7,367	**6,931**	9,345

As at March 31,	**2018**	2017	**2018**	2017	**2018**	2017
Reportable segment in Condensed Consolidated Statement of Financial Position						
Reportable segment current assets and assets classified as held for sale	**6,677**	14,903	**37,041**	55,038	**43,718**	69,941
Reportable segment non - current assets	**646**	598	**46**	60	**692**	658
Reportable segment liabilities	**(1,446)**	(1,387)	**(70,376)**	(64,133)	**(71,822)**	(65,520)

The Group's assets classified as held for sale are predominantly located in various port facilities within the European Union.

(Unaudited, tabular amounts in thousands of Canadian dollars, unless otherwise stated)

17. Private placements

In 2014 and 2016, the Company completed private placements with existing shareholders and a new investor (the "Private Placements"). A total of 90,625 units were issued pursuant to the Private Placements at a price of $1,000 per unit to raise aggregate gross proceeds of $90.625 million.

Subsequent to initial measurement, the debt component of the Private Placements is measured at amortized cost using the effective interest rate method. The valuation of the equity component is not adjusted subsequent to the initial recognition except on conversion or expiry.

There are two derivatives that are embedded within the convertible notes to the Private Placements: a 'make-whole premium' to protect holders of the convertible notes in a change of control event as stated in the note indenture; and a 'common share repayment right' providing the Company with the right to repay the principal in Common Shares at a discounted amount of 95% of par at maturity. As at March 31, 2018, these two embedded derivatives were determined to have insignificant initial values and were accordingly not accounted for, but will be reassessed by Management at each reporting date.

The aggregate composition of the Private Placements is set out in the following table:

	Gross allocation	Financing fees	Net allocation
Liability component of convertible debentures	52,205	461	51,744
Equity component of convertible debentures	45,213	642	44,571
Warrants	32,573	417	32,156
Charge on issue of in-the-money equity instruments	(34,366)	-	(34,366)
Proceeds of private placement	95,625	1,520	94,105

In accordance with IAS 7, changes in the value of the Private Placements are as follows:

Balance - December 31, 2016	**56,154**
Interest paid	(24)
Interest accretion	7,071
Balance - December 31, 2017	**63,201**
Interest paid	-
Interest accretion	1,902
Balance - March 31, 2018	**65,103**

18. Contingent liabilities

As at March 31, 2018, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse impact to the Company's financial position.

RMGC has been subject to two tax inspections by the Romanian National Agency for Fiscal Administration (the Agenția Națională de Administrare Fiscală – "ANAF") in relation to the value added tax ("VAT") previously claimed by RMGC in respect of the purchase of goods and services in the period 2011 to 2016.

The first inspection was concluded by ANAF in July 2016 and assessed a liability with interest and penalties of RON 42.9m (then approximately $13.7 million). This 2016 assessment was successfully challenged by RMGC and partially quashed in September 2016.

18. Contingent liabilities (continued)

Following the partial quashing of the 2016 assessment, a repeat inspection was undertaken ANAF and on July 5, 2017 RMGC received a new VAT Assessment of RON 27 million, approximately $8.6 million at July 5, 2017 ("VAT Assessment"). This amount does not include the assessment for interest and penalties discussed below.

The VAT Assessment was due for payment on August 5, 2017. On August 9, 2017, RMGC challenged the validity of the VAT Assessment before the ANAF — Direcţia Generală de Soluţionare a Contestaţiilor - the Directorate-General for the Settlement of Complaints. It is the Company's understanding that such challenge should have been determined by ANAF pursuant to the Fiscal Procedure Code within six months of the date of the lodging of RMGC's challenge application, however no decision was issued by ANAF within such period.

RMGC also filed a request for a stay of enforcement of the VAT Assessment before the Alba Iulia Court of Appeal on August 10, 2017. On October 2, 2017, the Alba Iulia Court of Appeal admitted RMGC's request for a stay of enforcement of the VAT Assessment, pending the determination of RMGC's annulment challenge of the VAT Assessment (as described below). RMGC received a copy of the Court of Appeal's written decision on March 2, 2018. ANAF subsequently filed an appeal against this decision with the High Court of Cassation and Justice, however no hearing date for such appeal has yet been set. RMGC has filed a statement of defence in response to ANAF's appeal.

On April 5, 2018, RMGC filed a statement of claim with the Alba Iulia Court of Appeal for the annulment of the VAT Assessment. An initial hearing date for such annulment proceedings has not yet been set.

Further to the VAT Assessment, and notwithstanding the Court of Appeal's decision of October 2, 2017, RMGC received a further demand from ANAF for RON 18.6 million, approximately $6.0 million, in interest and penalties on October 23, 2017. The Company believes that the procedure followed by ANAF to arrive at the VAT Assessment, and the subsequent interest and penalties, was improper and unlawful. The Company, along with RMGC, intends to pursue all available legal avenues to challenge the VAT Assessment along with the interest and penalties and to fully protect its rights and assets. The Company considers that the outflow of economic resources in respect of the VAT Assessment is not probable, and consequently no liability has been recognized at March 31, 2018.