

Now & Forever

2 0 0 6 R E S P O N S I B I L I T Y R E P O R T

The Right Project.

The Right Team.

The Right Time.



G A B R I E L

Roșia Montană
IN PARTNERSHIP

Gabriel Resources is pleased to present this Responsibility Report – the first of what will become an annual reporting effort. In this first Report, we will share the philosophy that brought us to this point in time and will shape the focus of our programs to come.

RESPONSIBILITY REPORT

“The Race to the Top”

“We often hear from critics of globalization that internationalization will lead to a ‘race to the bottom,’ where companies look for the least restrictive rules and regulations. Yet the fact is that globalization – when it encourages companies to play to the highest international standards – can be a race to the top, where the bar is raised for socially responsible behaviour. Gabriel Resources intends to be a leader in that race.”

— ALAN R. HILL, PRESIDENT AND CEO

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Our Company's Commitment

A company's commitment to responsible behaviour can be either a public-relations exercise or a deeper measure of a company's character. In judging whether a company is socially committed, what matters is not rhetoric, but results – and the issue is not just what you do, but how you do it.

For the “What,” when a company is involved in the extractive industry, responsible behaviour is largely an issue of contributing to Sustainable Development. Following the 1987 Brundtland Report – widely recognized as the definitive statement on this issue – Sustainable Development is that which “meets the needs of the present without compromising the ability of future generations to meet their own needs”.

For Gabriel, Sustainable Development represents the steps we take every day toward achieving our financial, environmental and social commitments.

As for the “How,” the watchword is transparency: openness in all matters relating to a company's impact on the community in which it operates, and a commitment to bring stakeholders into the process.

Balancing Needs

If, as Brundtland suggests, sustainable development can be defined as a matter of balancing needs, both present and future, then in the case of Rosia Montana, Romania – site of our proposed gold mining project – it is the needs of the present that are critically acute:

A “mono-industrial” community beset by 70% unemployment, lacking rudiments like regular running water and indoor toilets, copes with the loss of the old state-run mine that provided its livelihood, in a mining tradition stretching back to Roman times.

That same tradition, however, is also the source of some of Rosia’s most pressing problems. Underfunded operations leading to poor past mining practices through the Ceaușescu era have left Rosia Montana’s rivers running red with heavy metals many multiples above the baseline levels consistent with public health. Remediating past pollution is very much a “need of the present,” and one which argues strongly for our project, with modern mining methods applied to all Romanian and EU standards, without exception. The Rosia Montana Project is in many ways a mine to clean up a mess – a way to leave Rosia’s waters cleaner than we found them.

Underfunded operations leading to poor past mining practices have taken their toll on Rosia Montana’s rivers, streams and soil.





Gabriel's Community Development Initiative programs, including Rosia Montana MicroCredit, aim at benefiting the Rosia region's economy, environment, culture and community.

From Philosophy to Programs

Nevertheless, in the spirit of social commitment, we also feel a responsibility to focus on people's future needs. In the past 12 months we have made real progress translating this philosophy into the programs that promise to deliver real results.

- In terms of our impact on sustainable and diverse economic development, **January 2007 saw the launch of Rosia Montana MicroCredit**, our small business incubator modelled after the micro-bank concept that has demonstrated so much success worldwide. The UN designated 2005 the Year of Micro Credit – and while our own institution took more than a year to charter, we are pleased that Gabriel is the first private-sector company in Romania to bring development financing to the Rosia region. *(See P.19)*
- In terms of skills training for the local population, Gabriel has included skills programs and business school training in our package of resettlement and relocation services. **Already we have helped 1,000 people in the Rosia region obtain skills certification from national boards in Romania.** *(See P.19)*
- In terms of our commitment to community, **later this year we will break ground for the new village at nearby Piatra Alba.** Piatra's design is the collaborative concept of a team of Romanian and North American architects that will combine all modern amenities with a respect for tradition. The result: a model development in Transylvania's Apuseni region – a place where people will want to raise their families and build a future. *(See P.22)*
- In terms of our efforts to assist the least advantaged in the community, our **Good Neighbour Initiative has provided a lifeline to the isolated elderly in distant corners of the village who would otherwise be cut off from the basic needs they require**, whether it is a shovelled walk in winter, or an emergency phone to call for medical help. With a solid program in place, there is now a call from the community to run it on its own, in the spirit of sustainable development. *(See P.19)*
- In terms of our efforts to provide youth with a better education, our partnership with Ovidiu Rom, the successful Bucharest-based non-governmental organization (NGO) that has done so much to improve education among Romania's disadvantaged children, **we are working to improve community participation in education in the Rosia Montana-area schools.** *(See P.20)*
- Finally, in terms of our respect for the region's culture and patrimony, **we continue to fund the independent rescue archaeology effort that the Parliamentary Assembly/Council of Europe rapporteur called "an exemplary model of responsible development"**. Soon we plan to mount an international travelling exhibition to showcase the finds from Rosia Montana to audiences across Europe and North America. This touring exhibit is a precursor to the permanent and professionally staffed museum we will build in Piatra Alba to house Rosia's archaeological artifacts. *(See P.17)*

Measuring Results

On the issue of best-practice benchmarks, the Company is just coming through a 12-month period in which we acceded to the International Cyanide Management Code and the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises. Added to the UN Global Compact, to which Gabriel is also a signatory, these international guidelines offer a means to measure over time what we say against what we do.

In this Report, we further commit to the International Council on Mining and Metals (ICMM) 10 Principles of Sustainable Development and will offer a metric for measuring our performance, adapted from the Global Reporting Initiative (GRI) Report Content “Performance Indicators”. We will also make ample use of the narrative description element, as outlined in the GRI Mining and Metals Sector Supplement (February 2005). Please see our “Standards of Accountability” on page 6, which will be an integral part of this Report each year.

As proud as we are of our commitment to responsible behaviour, all of this comes with a caveat. We are under no illusion that what we are doing as one company can in any way substitute for the regular functioning of government agencies or the community itself. We see ourselves as a trigger for grassroots development – a partner, not a primary provider. As a for-profit venture, there is a business case for first demonstrating to all stakeholders our fitness to explore and develop additional mining projects in Romania. Nurturing communities on the path of long-term development beyond the life of a mine is something in which we want to take pride, not permanent leadership. Over time, our intent is to transfer operating responsibility to community organizations as they build capacity to operate them.

Any company’s social responsibility is always a work in progress – a daily exercise, in fact. As proud as we are of the programs and projects we report in these pages, we realize they are a beginning we must build on in partnership with our stakeholders, and a constant check on our ability to adapt our vision to complex realities. We will fulfill our promise and commitment through consistent performance, first and foremost for the sake of the communities in which we operate.

This Report details our commitment to responsible behaviour and shares some of the ways we are working with our partners in the community to make progress happen.

We thank all of our stakeholders for challenging us to make the Rosia Montana Project a model mine, with benefits not only for the village of Rosia or even Romania – but also for the way our industry conceives of modern mining in the 21st Century.



Alan R. Hill
President and CEO
Gabriel Resources Ltd.
March 6, 2007

International Council on Mining and Metals

10 Principles of Sustainable Development

Gabriel has embraced the principles that define responsible behaviour for the mining and metals industry.

These principles frame our approach to the programs and practices that define our commitment to sustainable development and social responsibility.

1. Implement and maintain ethical business practices and sound systems of corporate governance.
2. Integrate sustainable development considerations within the corporate decision-making process.
3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
4. Implement risk management strategies based on valid data and sound science.
5. Seek continual improvement of our health and safety performance.
6. Seek continual improvement of our environmental performance.
7. Contribute to conservation of biodiversity and integrated approaches to land use planning.
8. Facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products.
9. Contribute to the social, economic and institutional developments of the communities in which we operate.
10. Implement effective and transparent engagement, communications and independently verified reporting arrangements with our stakeholders.

Standards of Accountability

The Global Reporting Initiative (GRI) aims to bring the same rigor to Sustainable Reporting that exists for corporate financial reporting.

GLOBAL REPORTING INITIATIVE PERFORMANCE INDICATORS				Social
1. Economy	2. Environment	3. Culture	4. Community	
OECD GUIDELINES	OECD GUIDELINES	OECD GUIDELINES	OECD GUIDELINES	<p>With that goal in mind, Gabriel measures its Responsible Development and Community Development indicators against the GRI's standards in three performance indicators:</p> <p>Economy, Environment and Social. Given the particular circumstances of the Rosia Montana Project, Gabriel treats the Social "Performance Indicator" as having two aspects: Community and Culture.</p> <p>Therefore, Gabriel will measure its progress in four categories, rather than three.</p> <p><i>There are a number of responsible reporting measurement standards (see descriptions below), some that apply specifically to the environment, and others that apply across economic and social categories.</i></p>
UN GLOBAL COMPACT	UN GLOBAL COMPACT	UN GLOBAL COMPACT	UN GLOBAL COMPACT	
WORLD BANK AND ICF GUIDELINES	WORLD BANK AND ICF GUIDELINES	WORLD BANK AND ICF GUIDELINES	WORLD BANK AND ICF GUIDELINES	
ICMM PRINCIPLES	ICMM PRINCIPLES	ICMM PRINCIPLES	ICMM PRINCIPLES	
	EU MINE WASTE DIRECTIVE			
	EU WATER FRAMEWORK DIRECTIVE			
	IPPC BEST AVAILABLE TECHNIQUES			
	INTERNATIONAL CYANIDE MANAGEMENT CODE			

For more details on how Gabriel is adopting GRI, please visit www.gabrielresources.com.

STANDARDS TO WHICH WE COMMIT
<p>OECD GUIDELINES</p> <p>The Guidelines, originally promulgated in 1976, constitute a set of voluntary recommendations to multinational enterprises in all the major areas of business ethics, including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. Adhering governments, which include Romania as of April 2005, have committed to promote the Guidelines among multinational enterprises operating in or from their territories.</p> <p>UN GLOBAL COMPACT</p> <p>Through the power of collective action, the Global Compact seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalization. Promulgated in 2000, today thousands of companies from all regions of the world, international labour and civil society organizations are engaged in the Global Compact, working to advance 10 universal principles in the areas of human rights, labour, the environment and anti-corruption.</p> <p>WORLD BANK AND ICF GUIDELINES</p> <p>The World Bank revised its policy guidelines on involuntary resettlement in April 2004 under World Bank Operational Policy (OP) 4.12. World Bank experience indicates that involuntary resettlement under development projects, if unmitigated, often gives rise to severe economic, social, and environmental risks. This policy includes safeguards to address and mitigate these impoverishment risks.</p> <p>ICMM PRINCIPLES</p> <p>In May 2003, ICMM's CEO-led Council committed corporate members to implement and measure their performance against 10 Principles. The Principles are based upon the issues identified in the Mining, Minerals and Sustainable Development (MMSD) project—a two-year consultation process with stakeholders to identify the issues relating to sustainable development in the mining and minerals sector.</p>

Gabriel has committed to work in partnership for the economy, the environment, the culture and the community. On the following pages, we provide further detail on our efforts and actions in each of these areas.



STANDARDS TO WHICH WE COMMIT

EU MINE WASTE DIRECTIVE

The EU Mine Waste Directive, which came into effect in May 2006, applies to waste resulting from extraction, processing and storage of mineral resources and the working of quarries. It provides for measures, procedures and guidance to prevent or reduce as far as possible any adverse effects on the environment, in particular, water, air, soil, fauna and flora and landscape, and any resultant risks to human health, brought about as a result of the management of waste from the extractive industries.

EU WATER FRAMEWORK DIRECTIVE (WFD)

Entered into effect in December 2000, the WFD sets a framework for comprehensive management of water resources in the European Community, within a common approach and with common objectives, principles and basic measures. It addresses inland surface waters, estuarine and coastal waters and groundwater. The fundamental objective of the WFD aims at maintaining “high status” of waters where it exists, preventing any deterioration in the existing status of waters and achieving at least “good status” in relation to all waters by 2015.

IPPC BEST AVAILABLE TECHNIQUES

The EU set of common rules for permitting and controlling industrial installations in the Integrated Pollution Prevention and Control (IPPC) Directive [<http://ec.europa.eu/environment/air/legis.htm#stationary>] of 1996. Based on the IPPC Directive, permits for industrial installations must ensure that those installations will take all appropriate preventive measures against pollution, in particular, through application of the Best Available Techniques (BAT).

INTERNATIONAL CYANIDE MANAGEMENT CODE

The International Cyanide Management Code was developed by a multi-stakeholder Steering Committee under the guidance of the United Nations Environmental Program (UNEP) and the then-International Council on Metals and the Environment (ICME). The Code is an industry voluntary program for gold mining companies. It focuses exclusively on the safe management of cyanide and cyanidation mill tailings and leach solutions. Companies that adopt the Code must have their mining operations that use cyanide to recover gold audited by an independent third party to determine the status of Code implementation.



Grappling with 70% unemployment, the Rosia Montana region has been designated a Disadvantaged Zone by the Romanian Government.



This project is a major investment not just for Rosia Montana – but for Romania.

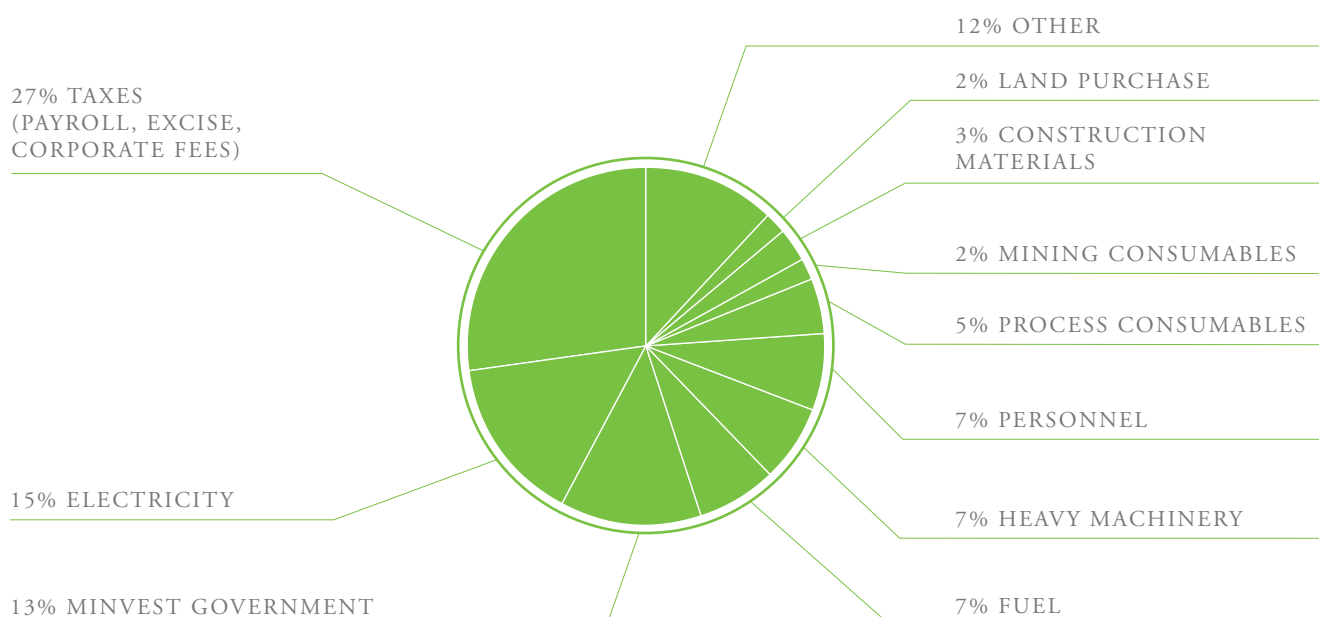
The Rosia Montana Project will infuse US\$2.5 billion into the Romanian economy over the life of the mine, providing high-skilled jobs in an area the Romanian Government has designated a “Disadvantaged Zone,” and stimulating investment across the economic spectrum of Romania’s ports, transport, industrial and IT sectors.

How will project revenues be shared?

\$2.5B | **49%**

An estimated US\$2.5B, approximately 49% of gross revenue from the project, goes to the Romanian Government and the Romanian economy, while Gabriel assumes all of the risk.

Where will the US\$2.5 billion go?



Where will the local business opportunities come from?

During the construction phase:

US\$450 million spent in-country in direct contracts for:

- Earth moving and demolition
- Cement/concrete production, delivery and onsite pouring
- Supplies (steel, piping, machinery, wood, fuel)
- Electrical contracting (equipment, supplies and installation)
- Water management (process water and wastewater)
- Waste management (safe removal of site debris and trash)

Indirect construction support needs will also include:

- Transportation to bring supplies and people to and from the site
- Local warehousing for supplies brought to the site
- Accommodation and food services
- Various services for repairs, IT, travel and retail
- Customs operations to inspect imported equipment and supplies
- Temporary employment offices for short-term jobs

During the production phase:

US\$1,170 million spent in-country in direct contracts for:

- Earth moving and construction (ongoing site development)
- Cement/concrete production and delivery
- Maintenance for structural steel, piping and machinery
- Process chemicals and mining consumables
- Electrical contracting for both equipment and servicing transportation services
- Waste management (safe disposal of site debris and trash)

Indirect production support needs include:

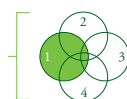
- Homes, schools, roads and related infrastructure
- Police, fire brigade and medical services and centres
- Petrol stations and car/truck parts, repairs and rental locations
- Banking and related credit/financial services
- Convenience stores and services
- Commercial services

How many jobs will be created?

- During construction phase: 1,200 employees.
- During operational phase: 600 employees (*approximately 95% from Alba county*).
- Due to the “multiplier” effect, it is estimated that indirect full-time employment will be created for over 6,000 people (*estimated over 99% Romanian*).

How many employees are and will be Romanian?

99%

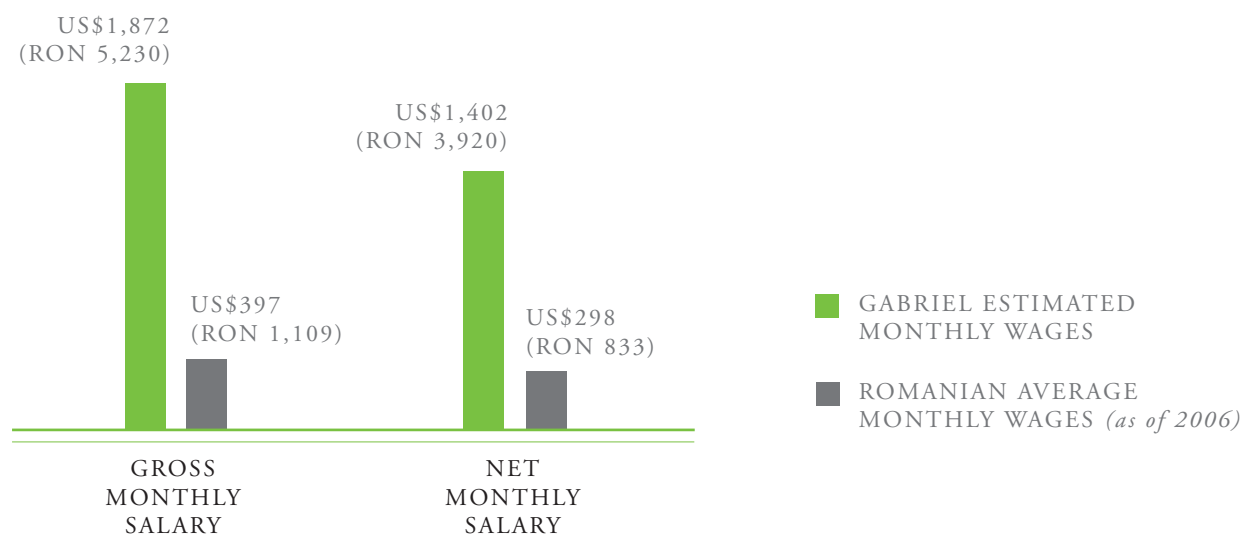


In a region plagued by high unemployment, Gabriel jobs will be among the highest-paying, highest-skilled jobs in the country.

How will wages compare to Romanian standards?

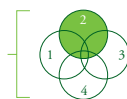
For the Rosia Montana Project (Life of Project) average monthly salary will be almost five times more than the average monthly Romanian salary for May 2006.

COMPARISON OF GABRIEL WAGES TO ROMANIAN AVERAGE





The extensive series of public meetings on the Rosia Montana EIA – 14 sessions across Romania plus two in Hungary – was a first in Romania for technical projects of this size.



This mine will be built to the toughest standards, with the strictest policing by a team that's done it before.

The Gabriel team completed and submitted the Rosia Montana Environmental Impact Assessment (EIA) in May 2006. It was prepared by an independent team of Romanian and international experts and includes:

- An analysis of the project's effects on the environment and the population;
- A formulation of preventive measures and/or impact mitigation plans;
- A record of these measures in a report, submitted to the Ministry of Environment.

The EIA was prepared in compliance with Romanian law and in accordance with all relevant European Directives and International Best Practices to identify, assess, mitigate and manage the likely impacts associated with the project.

In fact, our EIA is the first in Romania to be EU-compliant and is designed so that not a single exemption from existing or planned laws is necessary. To illustrate our commitment to high standards, wherever Romanian and EU requirements differ, Gabriel has chosen to abide by the stricter of the two. In addition, while existing gold mines will have as long as 10 years to come into compliance with stricter regulatory standards, our Rosia Montana Project will meet these standards from Day One.

Following the EIA submission, the company undertook an extensive public-consultation process as required by law, with hearings held in 14 locations in Romania, from the village of Rosia Montana to Bucharest – a model of the openness and transparency that should be part of any project of this scope. To honour the spirit of the Espoo Convention covering possible trans-boundary impacts, we translated the Non-Technical Summary of our EIA into Hungarian, and held two public hearings in Hungary as well.

This extensive series of public meetings on the Rosia Montana EIA was a first in Romania for technical projects of this size.

In accordance with the laws and directives applicable to our project, questions and concerns from all of the hearings, gathered and methodically collated by the Romanian Government, were presented to our Company in January 2007. We are now answering those questions and addressing concerns in the form of an Annex to the EIA, which we expect to complete in spring 2007.

In addition, Gabriel has chosen to adopt a broader range of more stringent requirements such as:

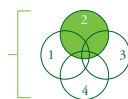
- The International Cyanide Management Code
- The OECD Guidelines for multinational enterprises
- World Bank and International Finance Corporation Guidelines
- UN Global Compact



The Rosia Montana Project EIA specifies standards and practices for all aspects of the operation, from design, construction, and operation through closure and reclamation.

For more information and fact sheets on these plans, please visit www.gabrielresources.com or www.truestory.ro.

	Design	Construction	Operation	Closure and Reclamation
ENVIRONMENTAL AND SOCIAL MANAGEMENT				
Cultural Heritage				
Community Sustainable Development				
Property Purchase Program				
Public Consultation and Disclosure				
Environmental and Social Management and Monitoring:				
Water Management Plan				
Water Management and Erosion Control Plan				
Air Quality Management Plan				
Tailings Facility Management Plan				
Noise and Vibration Management Plan				
Biodiversity Management Plan				
Emergency Preparedness and Spill Contingency Plan				
Mine Rehabilitation and Closure Plan				
Cyanide Management Plan				
MINE LIFE				
Waste Minimization and Solid/Hazardous Waste Management Strategies				
Accident Prevention, Emergency Preparedness and Response Strategies				
Dam Safety				
Treatment of Cyanide Contained in Processed Ore				
Acid Rock Drainage and Water Management				
Waste Rock Stockpiling and Closure Strategy				
Ore Processing and Closure Strategy				
Open Pit Development and Closure Strategy				
Blasting, Noise and Vibration Management				



Beyond the EIA, Gabriel is partnering with community stakeholders to safeguard the environment.

Rosia Montana Environmental Partnership

Purpose:

The Rosia Montana Environmental Partnership (RMEP) is a joint-action forum between the Company and various Rosia Montana area stakeholders, including local and regional authorities, schools, NGOs and businesses. Established in May 2005, our most established and successful partnership so far works to raise awareness of the benefits of a clean and healthy environment and to facilitate a participatory approach to addressing a wide range of environmental issues such as respect for the environment, implementation of modern waste management, biodiversity rehabilitation, and the encouragement of eco-tourism.

Accomplishments:

- Developed several local recreational areas
- Established ecological park
- Developed school courtyard
- Launched school campaigns and materials to raise environmental awareness
- Organized tourist orientation and sports competitions in schools
- Established environmental centre
- Held forest seedling planting initiative
- Cleaned-up and decorated the summer garden in Rosia Montana



The RMEP promotes a sense of empowerment – a belief that people can make their environment cleaner.



An expert in art restoration and recovery works to save a mural in an abandoned church in the village of Geamana.



The latest volume of research from the Alburnus Maior National Research Program was launched at the Romanian National History Museum, part of the US\$10 million Gabriel Resources has devoted to date for rescue archaeology.

Part of building a new community is showing respect for what has come before.

In 2000, the Romanian Ministry of Culture and Cults signalled the need to research and map the archaeological sites and historic monument buildings in Rosia Montana, as well as establish the areas to be protected from mining impact. The “Alburnus Maior” National Research Program was established in 2001 and has since become the largest archaeological research program in Romania and among the largest in Europe.

Alburnus Maior National Research Program

Purpose:

The goal of this program, which began as an exercise in fulfilling requirements for archaeological discharge of the project’s industrial footprint, ultimately is not only to restore and promote the cultural values of Rosia Montana in accordance with sustainable development principles, but also to encourage the development of this area into a tourist attraction to standards worthy of its ancient fame.

The Romanian National History Museum acts as coordinator of this extensive program that applies the latest methods of cultural management, in compliance with EU and international standards. Over the years, this intricate public-private partnership effort has involved 80 independent experts, 250 workers and support staff and some 23 national universities and museums and other international institutions.

The Company provides all the necessary material and human resources required to fulfill the research and has invested over US\$10 million in the program to date.

Accomplishments:

- Managing historical monument houses, from upkeep to restoration
- Performing extensive archaeological investigations with expertise from a research team directed by Dr. Beatrice Cauuet from the renowned Unite Toulousaine D-Archaeologie et Histoire
- Performing ethnography and oral history studies with the expertise of specialists from the Village Museum, Bucharest

- Conducting investigations of local architecture and historical monuments by Institutul National al Monumentelor Istorice – Architecture Workshop
- Publishing scientific volumes of research in Romanian and English: Alburnus Maior I – III, Rosia Montana Ethnological Study
- Completion of an oral history archive of the area – more than 100 hours and interviews with native peoples
- Performing restoration and inventory of the movable heritage assets – more than 7,000 pieces
- Conducting investigation of seven Roman incineration necropolises and more than 1,200 graves in Hop, Valea Nanului, Carpeni, Tăul Cornei, Jig-Piciorag, Țarina and Pârâul Porcului zones
- Completion of an inventory of the historical monuments from the area and elaboration of the Urban Zone Plan for the Rosia Montana protected area

Yet to come:

In 2007, the Company plans to begin restoration and promotion of Rosia Montana’s Historical Centre, including its 41 historic structures in the village (35 inside the protected area) and six churches, and the establishment of a Modern Mining Museum with geology, archaeology, industrial and ethnographic exhibitions. An international travelling exhibition is in development to share findings with the public prior to permanent placement at the museum in Piatra Alba. An additional US\$25 million is budgeted to continue implementing the cultural patrimony management plan over the life of the mine.



A strong community gives its youth reasons to hope — and reasons to stay.



The Gabriel mine needs the community in order to function and the community needs the mine to survive.

The following programs make up the Company's Community Development Initiative, a comprehensive effort to improve living standards in the Rosia Montana area, as well as programs to preserve the community's cultural heritage, encourage environmental quality, secure employment stability and spark economic development.

Community Development Initiative

Accomplishments:

Rosia Montana MicroCredit

On January 29, 2007, the Company launched Rosia Montana MicroCredit, a microlending institution aiming to serve the Rosia Montana area and surrounding communities by providing small-business financial support and services to new and existing businesses, as well as business start-ups through an innovative combination of training, mentoring and credit. Rosia Montana MicroCredit small business incubator was modelled after the micro-bank concept that has demonstrated so much success worldwide. The UN designated 2005 the Year of Micro Credit – and while our own institution took more than a year to charter, we are pleased that Gabriel is the first private-sector company in Romania to bring development financing to the Rosia region.

To date, 70 members of the community have completed the training program, and are currently involved in the mentoring phase, which will enable them to develop business plans and prepare for the last stage of the lending process – accessing funds. The small loans they will receive will facilitate the establishment or expansion of a variety of businesses, in over a dozen fields, ranging from auto repair to wood processing, from transportation to apiculture. Rosia Montana MicroCredit is intended to contribute to the establishment of a healthy business environment in the area, a major step towards ensuring the sustainable development of the Rosia Montana region.

Gabriel Skill Centre for Professional and Vocational Training

This program is designed to accommodate mining-related activities during the initial construction and operational stages, as well as jobs indirectly generated by the project through the development of the area's industry and services. Gabriel's recruitment for the program is managed through the company's six local human resource offices. More than 2,000 people enrolled in the Skill Centre's first six months.

The "Good Neighbour" Program

This social program addresses the needs of vulnerable members of the Rosia Montana community and is designed to offer support to individuals in need. In addition to regular food distribution and help with domestic chores for the truly disadvantaged and elderly, the program makes available cell phones for emergencies, transportation for children to and from school and provides presents to more than 100 community members during the holidays.

As part of the Good Neighbour efforts, two community centres have opened to provide a variety of educational and social activities. The program also operates an Internet Information Centre and a gym.



Pro Rosia

A local non-governmental organization (NGO) in support of our project has been working closely with the Company since the inception of the Good Neighbour program. Since this NGO's mission is so closely aligned with the activities of this program, the objective is to turn the program over to Pro Rosia to manage in the near future, as part of the Company's commitment to sustainable development and community empowerment.

Educational Partnership

The Educational Partnership seeks to restore focus on education to an area affected by unemployment and declining social and economic standards of living. Its goal is to better prepare students at all levels, increase the number of educational and extracurricular opportunities, improve and update the level of teacher training and encourage community involvement in education.

This is a four-way partnership including NGOs, the community, local authorities and the Company. Activities include designing and implementing new educational courses, providing camps and youth exchanges, establishing an educational resource centre to serve as a research hub, helping to develop a variety of extracurricular initiatives, and creating an educational network for the region to encourage collaboration and leverage skill sets. At least one school museum to showcase local traditions is also planned.

The first initiative of the Educational Partnership is Summer School, a pilot program initiated in early September 2006 for 60 children at risk of not completing high school. Designed to improve the educational opportunities and future prospects of severely impoverished children in the area, it utilizes the highly successful Ovidiu Rom "Fiecare Copil în Școală" (Every Single Child in School) model. In 2007, this program, targeting children up to 12 years of age, will be extended to include a larger part of the community.

This model stimulates children's interest in study and prepares them for successful integration into the community. It also trains teachers in modern,

interactive teaching methods and educates parents about being partners in education. Ultimately, it helps involve local authorities in collaborating on educational matters and creates public awareness of the importance of education for all children.

Rosia Montana Youth Partnership

Rosia Montana Youth Partnership is a springboard for youth-related community programs meant to inspire future leaders. The partnership came about as a result of a study visit to the area organized in July 2006 by the Romanian branch of Youth Action for Peace (YAP Romania), an international youth NGO. The 21 NGOs which took part in the visit published a report, in which 18 publicly supported the Gabriel project. With one exception, all the representatives of the NGOs present expressed a desire to cooperate with the Company to develop programs for the local community. Many of these NGOs are founding members of the Rosia Montana Youth Partnership.

Two Youth Partnership initiatives have been launched thus far within the Partnership:

CERT Apuseni Youth Resource Centre

Launched by YAP with several partners in January 2007 with start-up financing from the Company, the centre acts as a main resource for young people and NGOs from Abrud, Campeni, Rosia Montana as well as the rest of the Apuseni region. The program provides information and counselling in such areas as continuing education, culture, arts, tourism, scholarships, jobs, courses and training and international community involvement.

Youth for Rosia Montana

Youth for Rosia Montana is another initiative which seeks to empower young leaders to design and manage youth projects, develop business skills, and hone their civic spirit. Professional EU-certified youth trainers from an Arad-based NGO are working with promising young people in the area to develop leadership skills by exposing them to new challenges that span the economic, social and civic spectrum.

From Our Partners

“I have found the teachers I worked with in Rosia Montana to have real potential – and desire – to become leaders for development. Access to knowledge is critical for progress, especially for a remote rural community like this one. The projects proposed by the local teachers, like the teachers themselves, are deeply rooted in local tradition and at the same time – geared to modernizing the learning environment.”

— MARIA GHEORGHIU, EXECUTIVE DIRECTOR, OVIDIU ROM ASSOCIATION,
SPEAKING ABOUT THE CHILDREN OF THE COMMUNITY,
THE DEVOTED TEACHERS, AND THE POTENTIAL FOR AN EXAMPLE
OF EXCELLENCE IN RURAL EDUCATION

“People in the area are known to be hard-working and proactive. Now we want to show them that the area has great potential and that they should no longer resign themselves to the thought that they have no money to start their own business. Together, we are going to create business opportunities, according to their abilities and skills.”

— ANETA NASCU, GENERAL MANAGER AND CHAIRMAN OF THE BOARD OF DIRECTORS,
ROSIA MONTANA MICROCREDIT

“For many years I wanted to change something, to do something for children in the area. So when a few people with big hearts proposed to us to organize the ‘Summer School,’ in September 2006, I didn’t hesitate for a second. Finally, time for a change! We could offer them something other than old-fashioned teaching. We have encouraged innovation by transforming the traditional space for learning into a modern space structured along centres of interest, where students have access to an entire range of material resources. Investment in the young generation is the most important thing. Results are not visible right away, only when the new generation will take our place. Why now and why here? If you knew the area, the community, the families and their problems, you would understand why. Now? Yes, because we have hope, and it’s not too late.”

— LILIANA MURSA, 1ST – 4TH GRADE TEACHER, GURA ROSIEI, ROSIA MONTANA

Before we build a mine, we must first build a community.

Piatra Alba is being built for the people of Rosia Montana. The idea was not to change a way of life, but to offer hope and opportunity to all who call it home.

Piatra Alba was designed for the people of Rosia Montana, not to change a way of life, but to improve it – to create a community that cares for its elders and gives its young people a reason to stay.

Gabriel's Community Development Initiative showcases our commitment to quality of life by improving Rosia Montana's schools, health care facilities, housing and basic infrastructure. The cornerstone of that commitment is the development of the new village of Piatra Alba.

The new village is situated amidst scenic forests with spectacular views to the south and west, and is linked to the wider world by free bus service. Designed by a collaborative team of Romanian and North American architects, the new village will combine all modern amenities with a respect for tradition to create a place where people will want to raise their families and build a future.

Piatra Alba has been designed to keep people together in a modern community that respects traditions of the past. The village will have a medical and dental facility, town hall, community centre, school, post office, and village stores, and will also accommodate a variety of churches. All of the public buildings will surround a series of pedestrian plazas in classic Transylvanian style. The new village will also host a hotel and restaurant, and in our new Information Age, the village will be “wireless” for Internet capability.

We plan to break ground in spring 2007 for the new village of Piatra Alba.

*Once the pride of the
Apuseni region,
Rosia Montana village
has fallen on hard times.*



*The new community
at Piatra Alba combines
modern amenities with
respect for tradition.*



The History of Rosia Montana

The story of Rosia Montana, or ancient Alburnus Maior as it was known during Roman times, has been closely intertwined with gold mining for almost two thousand years.

The presence of gold, and its exploitation, has directly influenced the area's rise in fortune – and its decline in recent years due to state mine closures. Rosia Montana was once the pride of the Apuseni Mountains. Today, while

Romania's cities become magnets for investment and economic growth, Rosia – like so much of rural Romania – slides further into decline, its streams and rivers running red with the heavy metal-laden runoff from years of uncontrolled mining.



An Issue of Strategic National Importance

In the period between the First and Second World Wars, Romania enjoyed a period of unprecedented economic prosperity that placed it among the first tier of European countries. A key economic engine was the wealth produced by the country's extractive industries – oil and gold, in particular.

That period of progress and prosperity was interrupted, first by war and then by the long Communist era. In the immediate aftermath of 1989 (after the fall of Communism), Romania set its sights on its spiritual realignment and political integration with Europe and the West, focusing on joining NATO and entering the European Union. Many say that having just achieved both landmarks is a sign that Romania has come full circle – and it is poised to emerge once again as a player on the Western economic scene.

The path forward, while particular to Romania, could be similar in key respects to the path travelled by many of the world's current economic powers, who leveraged their natural resource abundance into sources of significant national wealth. In North America, in Australia, in the Middle East and Eurasia, nations have long

sought to expand the responsible development of their resource base to enable a deeper diversification of economic development. In the same way, Romania's ability to develop its mineral wealth will be a key measure of its economic strength in the 21st Century.

The kind of investment Romania is likely to attract in the coming years will also test and shape the national economy. We consider our model mining project to be of national strategic importance – designed to raise the bar on long-term investment in Romania. In less than two decades, the Rosia Montana Project will leave behind US\$2.5 billion in benefits to this country and a revitalized community that will continue to grow beyond the life of the mine.

The Company already employs 500 local people, a number which stands to double in the next couple of years, and by indirect multiplier effect will lead to employment of 6,000 people and significant strengthening of an entire region. Soon enough, the economic ripples from the Rosia Montana Project will be felt in all corners of the country – making our project not just a model mining project but also a model investment in Romania's future.

VISION AND MISSION

Gabriel Resources and Rosia Montana Gold Corporation

Our vision is to create value for all of our stakeholders from responsible mining. Our mission is to build the world-class Rosia Montana Project and, as Romania enters its EU era, act as a catalyst for sustainable economic, environmental, cultural and community development for the region. We will strive to set high standards through good governance, open and transparent communications, and operations and reclamation based on Best Available Techniques – all in the service of sustainable development.

Whatever the challenges of this complex enterprise, we pledge to do it right.

(Please see our pledge on the back cover of this report.)

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Savings derived from using post-consumer recycled fiber in lieu of virgin fiber:

- 48 trees preserved for the future
- 138.6 lbs. waterborne waste not created
- 20,389 gallons wastewater flow saved
- 2,256 lbs. solid waste not generated
- 4,442 lbs. net greenhouse gases prevented
- 34,000,000 BTUs energy not consumed

Savings from the use of emission-free wind-generated electricity:

- 2,308 lbs. air emissions not generated

Displaces this amount of fossil fuel:

- 5,491 cubic feet natural gas unused



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At Gabriel Resources, we pledge to do it right.

*Our pledge means that we are committed to best practices in corporate governance
as it affects all of our constituencies: our employees, local communities,
the economy at large, investors and partners.*

*It means that we are committed to sustainable, responsible development, which extends through
and beyond the life of our mining operations.*

*It means that we operate with respect for the safety, health and welfare
of our employees and partners in the community.*

*It means that everything we do is based on Best Available Techniques,
and everything we say on open and transparent communication.*

*And it means that we seek to create value from responsible mining –
working in partnership for the economy, the environment, the culture and the
communities in which we operate.*



GABRIEL
Rozia Montană
IN PARTNERSHIP