



To the Stakeholders of Gabriel Resources Ltd:

Gabriel Resources Ltd. ("Gabriel" or the "Company") is fully committed to responsible mining by fulfilling its business activities through continuous improvement to its social and environmental performance. The Company's vision is to create value for all stakeholders and to build a showcase mine for Romania through a safety-led, technically advanced and environmentally responsible approach to mining.

Despite the Company's continuous commitment to sustainable development and to setting the highest standards of governance, responsible engineering, open and transparent engagement with stakeholders and the communities, and operations, the permitting process for the proposed gold and silver mining project in Rosia Montana (the "Project") is still awaiting government approval.

In light of the repeated delays to the assessment and permitting procedures for the Project, Gabriel has been left with no alternative but to conduct a thorough review over the past twenty-four months of all activities associated with the development of the Project, which has resulted, amongst other things, in a significant reduction in the number of its employees. Throughout these processes, the Company has made every attempt to act responsibly and diligently towards its employees and contractors and to manage properly and sensitively the impacts of such decisions on the community and all affected stakeholders.

Gabriel remains strongly committed to the development of the Project and, accordingly, is continuing to seek an amicable resolution with the Government of Romania to the significant delays in the permitting of the Project. If a positive resolution is found, the Company remains willing to invest significant financial resources to build the first modern gold and silver mine in Romania.

The 2014 Report of the Company enclosed herein demonstrates that Gabriel has continued to follow the United Nations Global Compact Principles by acting responsibly through integrating the universal principles relating to human and labour rights, environmental standards and anti-corruption practices into its business strategies, operations and culture.

Signed,

A handwritten signature in dark ink, appearing to read "Jonathan Henry".

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Jonathan Henry  
President & Chief Executive Officer  
Gabriel Resources Ltd

## **2014 Communication on Progress**

In Romania, the national legislative framework is designed, as is the case with many other governments, to respect the Universal Declaration of Human Rights. Romania's Constitution states that all the constitutional provisions regarding human rights and liberties shall be interpreted and applied in conformity with the Universal Declaration of Human Rights.

Romanian national legislation also ensures people the right to a clean and safe environment; to proper information regarding environmental conditions and to be consulted in the decision-making process of proposed projects which may have potential social and environmental impacts.

Finally, Romanian national labour legislation is, in many aspects, more restrictive than the International Labour Organization's principles.

Complementary to national legal requirements, Gabriel has made numerous voluntary commitments such as respecting the Equator Principles, implementing the IFC's Performance Standards and being among the first European signatories to the International Cyanide Management Code.

### **Human Rights**

Gabriel not only complies with all legal requirements in force as concerns human rights at national and international level (Bill of Human Rights; International Labour Organization's Declaration on Fundamental Principles and Rights at Work) but exceeds them by applying zero tolerance to non-compliance to any breach against human rights, customs and values when dealing with employees and others who are affected by the Company's activities.

The Company is fully committed not only to respecting human rights but also to identifying, preventing and mitigating any adverse impacts on human and the (local) communities' rights that may be caused by the Project through ongoing monitoring at all levels of the business, internal decision-making, budgetary allocations and oversight processes. This should provide for effective responses if such impacts occur, by drawing on feedback from both internal and external sources, including all affected stakeholders.

### **Labour, Health & Safety**

The Company is committed to delivering sustainable benefits to the region where it operates and to enhance community capacity to become self-sustainable in its future development. In order to increase the benefits for the operational area, the Company has implemented a local hiring and procurement policy and imposes the same on its contractors and providers.

As at December 2013, the Company had over 500 direct employees – more than 85% hired from the local community, while generating approximately 700 indirect jobs for their contractors and providers most of which also came from the local community. Unfortunately, due to the unjustifiably long and repeated delays in the permitting of the Project and the repeated delays of the Romanian Government to properly address the regulatory assessment and permitting procedures for the Project, the Company has been forced to implement a series of cost saving measures, including a material reduction in its workforce.

Through the implementation of these processes, the Company has acted in full compliance with all applicable labour laws and Romanian legislation and has endeavoured to find the best solutions for all affected employees in order to minimise the impact of these decisions on their lives. In order to consider the consequences of this process, the Company consulted with employees, local authorities and the labour union as part of its commitments in undertaking social mitigation measures. As a

result of employee consultations, these mitigation measures have included a redundancy payment scheme for all affected employees regardless of the duration of their contracts (determined or undetermined) that went significantly beyond the basic cover provided under Romanian legislation. The Company has also organised individual dialogue with the affected employees providing complaints management and occupational consultancy.

As noted above, the Company has been left with no alternative but to implement a series of ongoing cost-saving measures over the past 24 months to align the cost base of the Gabriel group with the prevailing situation in Romania vis-à-vis the Project's permitting activities and the repeated delays of the Romanian Government to properly address the regulatory assessment and permitting procedures for the Project. Notwithstanding, Gabriel remains strongly committed to the development of the Project and, accordingly, is continuing to seek an amicable resolution with the Government of Romania. If a positive resolution is found, the Company remains willing to invest significant financial resources to build the first modern gold and silver mine in Romania. It is anticipated that the Project would create over 3,600 jobs - 2,300 direct jobs during the construction phase and more than 880 direct jobs during the operational phase.

### **Promoting safety as a value of the Company**

The Company includes in its operations all necessary measures aimed at protecting the health and safety of employees, consultants and/or contractors, as well as of people living and working in areas potentially affected by the Project's implementation. Thus, all employees are properly trained to ensure their own safety, as well as the safety of the people around them.

The Project places professional ethics and employee safety at the heart of its daily activities and provides a working environment free of any discrimination or any other arbitrary barriers that would hold back professional development and progress within the Company.

Key results and improvements in 2014:

- No lost time incidents or first aid injuries occurred in 2014;
- RMGC continued its efforts in improving the Operations, Health & Safety (OHS) performance by providing training to employees and contractors along with safety audits and monitoring;
- Exercises / practical applications in case of emergency (first aid, working at heights, fire-fighting, etc.) as concerns how to act and report emergency situations;
- Ensuring proper work equipment for all tasks. Immediate elimination of any hazardous situations encountered;
- Improving social conditions for employees;
- All employees have been supplied with proper personal protective equipment (PPE) as appropriate;
- Safety induction for all RMGC visitors during community events.

### **Monitoring & Reporting on Safety aspects**

- Development and launching Key Performance Indicator (KPI) reporting - Follow-up monthly on safety KPIs;
- Daily safety onsite inspections;
- Incident reports raised for non-compliance with RMGC's Health, Safety and Environment Programme (HSEMP) requirements;
- Safety Alerts issued for major incidents;
- Quarterly Safety Steering Committee;
- Anti-Alcohol Campaign continued.

## **Employees Programmes**

In 2014 the Company continued the most important part of the programmes that addressed its employees:

- Monitoring and improving the health of employees (healthcare cards) and annual medical examination to all RMGC employees;
- Meal tickets for all employees;
- Safety equipment and trainings as previously described;
- Car and transportation policy for daily & weekly commuting;
- Housing policy (continued);
- Employee annual health monitoring;
- Hot meals for the miners working underground.

## **Stakeholder Engagement**

According to Romanian legislation, international standards and best practices and as part of its Social & Environment Management System, the Company engages with a large range of stakeholders: decision-makers, local, regional and national authorities, directly affected community and nearby communities, NGOs, as well as the general public, mass-media and others as required.

The dialogue carried out by the Company with its stakeholders is a continuous process aimed at raising, increasing and maintaining awareness as to the Project as well as receiving necessary feedback for fine-tuning to ensure long-term planning efficiency. The Company's approach regarding dialogue with stakeholders is based on Romanian legislation and international standards which specify that stakeholders have a right to actively participate in gathering information, planning, establishing directions and making decisions as to the results which influence their lives. The information Gabriel receives from the stakeholders helps it to improve its activities, mitigate any possible adverse impacts and to strengthen those positive impacts in line with its sustainability objectives.

Since its foundation, the Company has engaged with all relevant stakeholders through public consultation during various permitting stages, public meetings for urban planning and development plans; community debates requested by affected people; grievance management; community events; site visits; face-to-face meetings; daily interaction; letters; emails; community hotline, etc. The Company has also participated in multi-stakeholder fora concerning the sustainable development of the operational area.

These intensive engagement efforts led over the last years to the foundation and consolidation of the "Rosia Montana Project Support Group", a civil society platform which represents mainly the voice of mining communities, with the objective of enhancing their efforts for restarting of mining activities in Romania. The Rosia Montana Project Support Group includes 18,570 members and adherents from a variety of stakeholders including mayors from over 40 entities representing their local communities and 18,500 people living in local communities in and around the Project area.

During 2014 and notwithstanding the limited engagement of the Romanian Government on the Project, the Company continued to seek engagement and to address and respond to all clarifications required by the Ministries, local, regional and national institutions, NGOs and interested parties.

In 2014 the Company participated in the public consultation process organised by Alba County Council in order to update the Alba County Economic Development Strategy over the next 7 years (2014-2020); an opportunity for the Company to emphasise the role of mining in the sustainable development of Alba County; submitting, during every steering committee meetings reports,

memos, studies which assess the huge contribution the mining sector would have for the Alba County economy if this sector would be restarted.

The Company has had an open-minded and responsive attitude in answering all NGO concerns to their reasonable proposals such that significant improvements have been brought to the Project based on input from NGOs which are supportive and opposing mining.

## **Community**

The Company proposes to develop a modern mining project in a traditional mining community where mining has been the main occupation for more than 1,800 years. The Project affected area comprises approximately 25% of the total area of the Rosia Montana commune; the rest of Rosia Montana's territory remains available to non-mining socio-economic activities. The Company is committed to promoting the sustainable development of the Rosia Montana community and to demonstrate the positive impacts the Project will have on the people of the Rosia Montana, currently isolated, in poverty and lacking employment opportunities.

The Project is planned to contribute to the sustainable development of the community; to consider the economy; environment; cultural heritage and social development through its components and programmes:

- Direct and indirect job creation;
- Local business development;
- New local infrastructure;
- Improvements of environmental conditions, 'greening' of old abandoned mining sites;
- Research, restoration, maintenance and enhancement of cultural heritage;
- Development of new facilities for the community;
- Improved human capital through programmes and partnerships in health, social and cultural areas;
- Human capital development through professional training programmes;
- A new village for the commune with a new community centre and new institutions;
- A prosperous community able to offer a rich cultural and industrial tourist potential.

## **Community Relations Management**

The local community represents a major stakeholder for the Company. The Company has implemented a complex set of policies, codes of conduct and instruments aimed at building and maintaining good and respectful relations with the community throughout the entire Project life-cycle. A part of these programs and community engagement instruments have been continued in 2014, while another part was suspended due to delays in permitting.

- Community Relations Department in place in 2014; a space for permanent dialogue with the community;
- Internal Company regulations; business code of conduct and code of conduct of employees in the community – compulsory for all employees; employees are periodically trained with penalties stipulated for non-compliance and bad behaviour;
- Ziarul de Apuseni newspaper to be distributed free of charge throughout the community in the Project area (its distribution was suspended in 2014);
- Community Information Centre, Rosia Montana, Square (suspended in 2014);
- Community relations centres in the localities around Rosia Montana - Bucium, Abrud, Campeni (suspended in 2014);
- Dedicated sections of community relations department for ongoing dialogue on relocation and resettlement covering various aspects e.g. information on rules and procedures relating to land access and the process around property acquisition – offering counselling and

support for the resettlement and relocation process; social and occupational counselling; information about the mining project; eligibility of property, support for relocation, etc.

- Regular debates in locations accessible for the communities in the Project area and in the resettlement site in Alba Iulia – suspended in 2014;
- Project newsletters and factsheets – suspended in 2014;
- Meetings of community members with the Company's senior management – continued in 2014;
- Sites visits to the resettlement areas – continued in 2014;
- Grievance policy – an accessible and free mechanism to solve community complaints – continued in 2014;
- Permanent hotline for receiving Project-related suggestions, notifications and questions from the community (0800 876 742), free-of-charge from mobile and land networks – suspended in 2014;
- Community suggestion and notification mailboxes in 5 points accessible to the community in the Project area – suspended in 2014;

Input collected following the dialogue with the community in the Project area is recorded, reported, reviewed and considered in the decision-making process. The Company has organised more than 50,000 individual and public consultations.

Community consultation in the Project area and surveys and monitoring carried out between 2006 and 2014 emphasised the negative impact on the community of the continuing and repeated delays in restarting mining activity in the mining area of the Apuseni Mountains, where the potential for other economic activity is very low.

The most frequent issues addressed by the community to the Company were the following:

- Job requests and concerns related to employment – the Company registered more than 8,000 job requests in its Human Resource data base by the end of 2014;
- Concerns relating to delays in starting the Project;
- Why is it that small and noisy groups of people - having jobs in the big cities – should have more rights and should decide in favour of the mining communities from the Apuseni Mountains? Concerns about what would happen with the area in the absence of the Project;
- Fear that the area would further depopulate and even more so in the absence of the Project.

As a result of these efforts, and of the intensive engagement over the previous 15 years of the Company's presence in community, a strong level of support has been established in favour of the Project.

During 2014, the Company has continued to manage the community's concerns and complaints related to the employee retrenchment process, a harmful and difficult process for a mining area with no other opportunities for jobs in the absence of mining activity. A community engagement programme with former employees of the Company showed that people felt concerned and frustrated seeking explanations as to why this is happening, why the Romanian Government refuses the opportunity to provide to a better life in their communities and why they are left with no alternative opportunities except going abroad for work.

During 2014, the community of Rosia Montana and other mining localities have continued to engage in a series of pro-mining actions, including the sending of letters to the Romanian Government and other relevant institutions to demand the restart mining activities and to protect the livelihoods of their families.

## **Monitoring of relocated and resettled families**

In respect of all Romanian legislation, human rights and international standards applied to land access and resettlement, the Company purchased, on a voluntary basis, some 794 households to date requiring the resettlement or relocation of 1,850 people.

Monitoring the relocated and resettled families is an obligation assumed by the Company under the Relocation and Resettlement Action Plan, an essential part of a performing social impact management system. A major component for the Social Impact Management System is the database referring to the situation of the families undergoing a resettlement/relocation process. The Company's Community Relations Department keeps an updated intervention register which lists the forms of assistance granted based on the difficulties encountered by each family in the resettlement/relocation process.

According to the monitoring obligations set out in the Relocation and Resettlement Action Plan, in the Community Sustainable Development Plan, in the Environment and Social Management Plan, as well as Chapter 6, volume 17 Monitoring in the Environmental Impact Assessment Report, RMGC carries out social impact monitoring, evaluations of the efficiency of the measures proposed and improvements thereto.

The largest number of programmes, measures and social impact mitigation actions that have been addressed directly to the impact area have been directed to those communities affected by relocation and resettlement. In order to manage the negative impact of resettlement and relocation, the Resettlement and Relocation Action Plan, 2006 version with subsequent updates, sets out:

- a set of strategic measures (compensation system based on the replacement value, employment for at least one member of the family during the construction of the mine, the strategy encouraging individuals to remain in Rosia Montana by subsidising housing construction with 25% for the resettlement option, a compensation system for businesses and professional development grant;
- a set of support measures throughout the resettlement or relocation tailored to the needs and issues encountered by the affected families along the whole chain until full integration in the new locations has occurred.

By the end of 2014 there were over 4,500 community support interventions under the Support Programme for Relocation and Resettlement recorded in the Intervention Register for the Support Programme.

The situation of the households relocated in series I (2002-2005) and series II (2006-2008) was monitored and documented in the independent and internal monitoring reports drawn up so far. Social programmes aimed at assisting the relocated families and of the Recea Resettlement Community continued until June 2014.

As set out in the Urbanism Plan for the Recea area, the neighbourhood is planned to expand as follows: in addition to infrastructure and 125 houses built in the first development phase of the Recea neighbourhood, 9 new houses were built and 3 new houses are undergoing construction (construction work has been suspended pending a new decision regarding the permitting process for the Project); there are still 72 lots where the neighbourhood could expand based on the options expressed by the owners of the households still left to be purchased.

At the end of 2014, the Community Relations Department undertook the third Monitoring Report of Recea resettlement families which ended the monitoring process of these families. The Monitoring

Process showed that the most important part of relocated and resettled families have fully integrated in their new lives and attained a better off status in the new locations.

### **Community Sponsorship**

As a consequence of the prevailing situation in Romania vis-à-vis the Project's permitting activities and the repeated delays of the Romanian Government to properly address the regulatory assessment and permitting procedures for the Project, the Company was forced to stop all investment programs in 2014, including community sponsorship (Churches support, Cultural and Living Traditions Programmes, community infrastructure, Schools and Education, Hospitals and Health support, "Future of Mining" Union). Other community support programs had to be put on hold as well (individual households support for elderly and disadvantaged groups, medical transportation, etc.).

### **Cultural Heritage**

The Company continues to be fully committed to restoring and honouring Rosia Montana's valuable cultural heritage, preserving its authenticity and integrity and proving that modern mining and tourism may co-exist and contribute to the sustainable development of the community.

In 2014, the Company continued its investments aimed at both the conservation of the community's historic town centre; the historic buildings and monuments, the architectural decorations and aesthetics as well as at the recovery of cultural artefacts by preserving cultural and social assets of the community. The Company carried on its maintenance works on 160 houses located in the historic centre of the village of Rosia Montana (the 'Protected Area') in order to prevent any further deterioration. This emergency conservation works will continue through a multi-year programme in parallel with the construction and the operational phases of the Project.

To date, the restoration of 20 houses and the design work for the restoration/re-functionalization of 110 houses within the Protected Area have been completed. The works at the "old school" have advanced so that the building structure has been reinforced and is now protected from further weather damage.

These are just a few examples of the Company's commitment to invest in local heritage and cultural aspects in and around Rosia Montana over all phases of the life-time of the Project. This commitment also includes the proposed establishment of a special committee to include independent experts who will monitor the work undertaken by the Company. The exploration works at the Catalina Monulesti gallery - old Roman underground mining galleries that lie under the Protected Area – have continued and led to the discovery of an important wooden water evacuation system.

The Company's long term plans, assuming the Project goes ahead, include the restoration of at least 300 houses in the Protected Area, the expansion of the original mining museum, setting up the Catalina Monulesti underground gallery complex for visiting and planning and preparing for future visits of the archaeological sites preserved and restored *in situ* such as Taul Gauri, Carpeni, Piatra Corbului.

In circumstances where the Project is permitted to proceed, the Company has made a commitment to dedicate substantial resources to preserve the important archaeological areas that it has previously opened and restored. Further work, beyond critical preservation and security of existing restoration in the Protected Area, remains on hold until such time as the Government moves ahead with permitting the Project.



## Environment

In building a state-of-the-art mine and implementing the highest environmental standards, the Project is committed to remedying past environmental damage caused by over 2,000 years of previously poorly-regulated mining activity. Currently there are 100 hectares affected by 18 waste stockpiles and two pits with 140 km of underground galleries generating acid rock water including heavy metal contamination up to 40 km downstream from the site. Remediation of this adverse environmental situation is expensive and has only very limited hope of being funded without implementation of the Project. In this context, the Company is planning to invest millions of dollars to tackle such legacy pollution problems.

In 2013 and 2014, the Company continued to assist with cleaning up the legacy of local environmental degradation from past unregulated mining activities. One such initiative demonstrating the positive impact the Company can have on the clean-up of the local water systems - which are currently in a much poorer condition than the EU and Romanian water standards require - is a pilot water treatment plant located at the main source of the acid rock drainage at Admit 714. Tests have successfully shown that a full scale plant will be able to clean up any resulting water discharge from the Project and the acid rock drainage resulting from previous mining operations - to levels fully compliant with all regulations in place (and even to drinking water standard).

The Company has also continued to work alongside the Government to use the pilot plant for additional testing of other contaminated old mine sites within Romania where water discharge needs to be brought to a level that is safe and compliant with EU and Romanian regulations. An updated version of the Waste Management Plan to reflect legislative modification was provided to and approved by the authorities in the past year.

The long-term commitment of the Company also depends on the capacity to establish new environmental responsibility standards. In this regard, and assuming the Project is permitted to advance, the Company is committed to:

- Establish and maintain a management system to identify, monitor, control and improve the Company's environmental performance activities;
- Finance independent audits to assess the Company's environmental performance in relation to its objectives;
- Comply with all the applicable laws in Romania and the EU, subject to the reporting requirements and other obligations, such as those set out by the EU Mine Waste Directive and the EU Water Framework Directive;
- Use Best Available Techniques (BATs) in all Company operations and activities to enhance environmental protection during the operational phase of the mine and ensuring there are sufficient financial resources to fulfil all environmental obligations and commitments, including re-integration of the exploited areas in the natural circuit;
- Implement efficient and transparent communication with stakeholders with regard to the environmental aspects of the Company's activities, and to encourage public debate on environmental matters; and
- Co-operate with national and international institutions and organisations in developing efficient, cost-effective and environmental-friendly measures.

The impact on biodiversity will be different in the construction, exploitation and closure phases of the Project. The Company's ecological restoration and rehabilitation efforts shall reflect these phases and shall focus on:

- Establishment of a network of protected areas to ensure the conservation of priority habitats;
- Establishment of a network of vegetal corridors within and between the protected areas so as to allow for the migration of species;
- Planting of native species along the degraded river banks and other water courses which should provide reproduction and migration corridors for wildlife;
- Establishment of micro-habitats; and
- Rehabilitation of watercourses.

Through an independent consultant, the Company continues to monitor and update the area's biodiversity baseline.

In July 2013, the analysis stage of the Environmental Impact Assessment procedure was stated by the Technical Analysis Committee (TAC) as having been completed with all technical issues clarified. The Company continues its dialogue with the Romanian Ministry of Environment and Climate Change and with all relevant stakeholders in order to clarify any other issues of concern.

Since the recommencement of the EIA review process in September 2010, the TAC has met on twelve separate occasions; twice in 2010; three times in 2011; four times in 2013; twice in 2014 and, most recently, on April 27, 2015.

The Company understands that, at the TAC meeting held on July 26, 2013, the TAC chairman concluded that it had completed all technical review aspects of the EIA process and would meet once again only, for a final meeting, pursuant to which it would issue a recommendation on the issuance of the Environmental Permit.

At the TAC meeting held on July 24, 2014, the principal agenda item was to discuss the Ministry of Environment's proposed requirement for, and the related scope of, a further study on the permeability of the Project's tailings management facility ("Supplementary Study"). The meeting finished without conclusion on that issue and the TAC members were tasked to consider further their respective positions on the need for, and scope of, a Supplementary Study.

Following a nine-month period of limited engagement by the Ministry of Environment, a further TAC meeting was held on April 27, 2015. The TAC meeting was inconclusive, once again, in fully addressing the agenda items raised.

### **Corporate Governance**

As noted in previous reports, the Company seeks to achieve the highest standards of corporate governance. To that end, Gabriel Resources has adopted new and revised group policies and practices to meet these requirements for compliance such as those laid down by the UK Bribery Act (2010) which entered into force on July 1, 2011.

The Company is also committed, on the assumption that the Project proceeds, to guarantee its undertakings regardless of the Project's financial status by means of legally enforceable pre-funding of those undertakings. In addition, the Company is committed, again on the assumption that the Project proceeds, to insurance and arbitration in order to provide financial protection should there be an accident. With these standards, the Project with its independent monitoring of compliance and transparency will provide a 'model' for industrial projects in terms of sustainable development. Finally, as noted in earlier reports, the Company's commitment to sustainable development is demonstrated by its willingness to adopt and embrace key initiatives and processes that drive best practices. The Company recognises and supports, amongst others, the following international initiatives:

- International Council on Mining and Metals, 10 Principles for Sustainable Development ([www.icmm.com](http://www.icmm.com))
- International Cyanide Management Code (ICMC) ([www.cyanidecode.org](http://www.cyanidecode.org))
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights to Work ([www.ilo.org](http://www.ilo.org))
- Intergovernmental Panel on Climate Change – Best Available Techniques for the mining field ([www.epa.ie](http://www.epa.ie))
- Organisation for Economic Co-operation and Development guidelines for multinational enterprises ([www.oecd.org](http://www.oecd.org))
- United Nations Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org))
- World Bank Safeguard Policies and IFC Performance Standards on relevant issues such as environment, resettlement and relocation activities ([www.ifc.org](http://www.ifc.org)).

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