



GABRIEL
Rosia Montana

To the Stakeholders of Gabriel Resources Ltd:

2015 has been a decisive year in further advancing the global sustainable development agenda as demonstrated by the adoption of the Sustainable Development Goals and the Paris Climate Accord. Gabriel Resources Ltd. ("Gabriel" or the "Company") has closely followed these processes and is fully committed to responsible mining by fulfilling its business activities through continuous improvement to its social and environmental performance. As in previous years, the Company remains committed to implementing the ten principles of the Global Compact, which are reflected in the Company's policies, standards and guidance and over the past decade and more the Company has strove 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 long-standing and 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 development of the gold and silver mining project in Rosia Montana (the "Project") has been blocked by successive Romanian governments without due process.

In light of such repeated failures of the Romanian authorities to address the regulatory assessment and permitting procedures for the Project, Gabriel was left with no alternative but to file for international arbitration in July 2015. The arbitration was commenced following the Romanian Government's failure to engage in discussions or to propose a resolution to the dispute notified in January 2015.

In light of the foregoing circumstances, the Company has had to implement a series of cost reduction initiatives over the past two years, including, amongst other things, a material reduction in the workforce of Gabriel and its subsidiaries ("Gabriel Group") and its activities in Romania. 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. Given these circumstances and delays - the enclosed 2015 Communication on Progress has not changed or advanced substantially from previous Communications.

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

The 2015 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,

Jonathan Henry
President & Chief Executive Officer
Gabriel Resources Ltd

2015 Communication on Progress

Achieving sustainability and the ten Principles of the UN Global Compact requires that the Company's interests are aligned with those of the Company's stakeholders – with local communities and environments as well as global customers and investors. 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

As outlined in previous reports the Company remains 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.

In 2015, the Company has been left with no alternative but to continue to implement a series of ongoing cost-saving measures 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. If the Project was permitted to proceed to development, it could 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.

Stakeholder Engagement

According to Romanian legislation, international standards and best practices and as part of its Social & Environment Management System, the Company has always sought to engage 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 2015 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.

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

Should it be given the opportunity, 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 2015, while another part was suspended due to delays in permitting.

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 since 2006 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.

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 2015, 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 2015, 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.

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

Should the Project be allowed to proceed, the Company remains 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.

Environment

The Project has been designed as a state-of-the-art mine, implementing the highest environmental standards, and to act as a means of remedying past environmental damage caused by over 2,000 years of poorly-regulated and irresponsible mining activity conducted by the State and other third parties. 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 has committed to invest millions of dollars to tackle such legacy pollution problems and as described in previous CoPs it has invested in a pilot water treatment facility demonstrating the Company's commitment to remediating environmental legacies from previous operators. In addition, to respond to the challenges of climate change the Company has over the years carried out numerous reviews to reduce the energy intensity of the proposed operations as well as exploring renewable energies as a means to reduce the carbon intensity of the Project.

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.

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