



G A B R I E L  
*Roşia Montană*

To the Stakeholders of Gabriel Resources Ltd:

For the past 20 years, Gabriel Resources Ltd. (“Gabriel” or the “Company”) has focused its resources and efforts on the development of the Roşia Montană gold and silver project in Romania (the “Roşia Montană Project” or the “Project”). To this end, it set itself the highest standards of environmental and social performance and governance, while committing to developing the local economy and communities.

Throughout this period, Gabriel has demonstrated it is fully committed to sustainable and environmental practices as part of its overall aim to act responsibly. The Company has consistently demonstrated its commitment to the implementation of the UN Global Compact’s ten principles, which are reflected in the Company’s policies, standards and guidance.

Despite the Company’s fulfilment of its legal obligations, its continuous commitment to open and transparent engagement with its stakeholders and the local communities, and its development of the Project as a high-quality, sustainable and environmentally-responsible mining project, using best available techniques, Romania has blocked and prevented implementation of the Project without due process.

In light of the 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.

As a consequence of the current status of the Project and the advancement of the arbitration, the Company has had to implement a series of cost reduction initiatives over the past four years, including, amongst other things, a material reduction in the workforce of Gabriel and its subsidiaries (the “Group”) and its development activities in Romania. Throughout this difficult period, the Group 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, the enclosed 2017 Communication on Progress has not changed or advanced substantially from previous communications.

While the Group’s primary objective has always been the development of the Project to operational status, in light of the continued absence of any positive engagement by the Romanian authorities since the filing of the arbitration request, the arbitration has become the core focus of the Company. This notwithstanding, the Group remains open to engagement with the Romanian authorities in order to achieve an amicable resolution of the dispute or a settlement of it in order to develop the Project for the benefit of all stakeholders.

The 2017 Communication on Progress enclosed herein demonstrates that the Group has continued to follow the UN Global Compact’s 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

## **2017 Communication on Progress**

The UN Global Compact's ten principles requires that the Group's interests are aligned with those of its 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 respects 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.

### **Human Rights**

The Group 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 Group's activities.

The Group 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 Group consistently 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 Group has demonstrated a commitment to hire local workers and to partner with local businesses wherever possible and procured that its contractors do the same.

Over recent years, the Group has been left with no alternative but to implement a series of cost-saving measures (including a material reduction in the workforce of the Group) to align the cost base of the Group with the status of the Project in Romania.

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

The Group 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 Group's operational activities. Thus, all employees are properly trained to ensure their own safety, as well as the safety of the people around them.

The Group 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 Group.

### **Stakeholder Engagement**

According to Romanian legislation, international standards and best practices and as part of its Social & Environment Management System, the Group has always sought to engage with a broad range of stakeholders, including, but not limited to, the local, regional and national authorities, the directly

affected community and nearby communities, non-governmental organisations, as well as the general public and national and international media.

The dialogue carried out by the Group with its stakeholders has sought to raise, increase and maintain awareness of the Project and to obtain feedback in order to ensure continuous improvement and long-term planning efficiency. The information the Group has received from stakeholders has enabled it to improve its activities, mitigate any possible adverse impacts and to strengthen positive impacts in line with its sustainability objectives.

Over the years, the Group has engaged with all relevant stakeholders through multiple initiatives, including a series of public consultations during various permitting stages, public meetings for urban planning and development plans, community debates initiated by the Group and requested by affected people, site visits, community events and direct interaction with stakeholders. The Group has also participated in multi-stakeholder fora concerning the sustainable development of the operational area.

These intensive engagement efforts led to the foundation and consolidation of the “Roşia Montană 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 Roşia Montană Project Support Group includes a significant number of stakeholders, including mayors from over 40 localities who represent approximately 18,500 people living in the Project area and local communities.

The Group has consistently demonstrated an open-minded and responsive attitude in responding to NGO concerns.

### **Community – Sustainable Development**

The Group understands that true sustainability is about building up a community's capability and vitality over time. Accordingly, the Group integrated the interests of the community and ecology in designing the Project to make Roşia Montană a model mining development.

Through its implementation of the Project, the Group sought to create the conditions necessary for the revitalization and long-term sustainable development of Roşia Montană and the surrounding area, and thereby to overcome and reverse the poverty, pollution, depopulation, and sense of hopelessness that afflicted the community, especially since the cessation of State mining operations at Roşia Montană in 2006.

The Project was planned and developed to contribute to the sustainable development of the community, to stimulate the economy, to protect the environment, to safeguard cultural heritage and to promote 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.

RMGC has been by far the main supporter of the local communities – over the years, the Group has invested in a comprehensive set of programmes designed to improve infrastructure and living standards, addressing education, skills training, assistance for the elderly, community health, job and business creation, and respect for the area's archaeological heritage.

The Group's investment in the development and maintenance of the physical infrastructure represents a direct contribution to durable development - the responsible mining principles.

To provide resettlement options to families affected by the Project, and based upon the outcome of consultation with affected families in Roşia Montană, the Group constructed a 22-hectare modern neighborhood, known as Recea, including more than 130 modern homes as well as new infrastructure that the Group donated to the Alba Iulia mayoralty.

In addition, the Group has invested in improving the infrastructure of the Roşia Montană locality, as well as other localities in the area of the Apuseni Mountains.

The Group also intended to support the development of cultural heritage tourism as the cornerstone of long-term sustainable development for Roşia Montană and the surrounding communities by making significant investments to preserve and develop cultural heritage, to clean-up historical pollution, and to develop modern infrastructure where none before existed.

During the period 2000-2014, RMGC granted sponsorships in the amount of over US\$8 million for NGOs and local communities. The main programs and partnerships developed in the Project area included programs for the maintenance and improvement of the community physical infrastructure, sports partnerships, environmental protection programs in partnership with the neighbouring communities, cultural heritage programs related to the research and preservation of all aspects of the cultural heritage of the community, tourism development programs, programs for strengthening social cohesion, community identity, educational programs; supporting social, cultural and scientific events, and promotion of cultural heritage and human rights.

### **Community Relations Management**

Gabriel has been proactive in engaging communities located on or near the site in consultations and decision-making about the future mine proposal. The local community represents a major stakeholder for the Group. Over the years, the Group has developed and implemented a comprehensive set of policies, codes of conduct and instruments aimed at fostering and maintaining good and respectful relations with the community.

Throughout its activity, starting in 1998, the Group has interacted with all relevant stakeholders – ranging from the communities in the area proposed for the Project development, to neighbouring communities, decision-making institutions and agencies from various levels of local, regional and national government, the general public and local, national and international NGOs.

Feedback obtained from dialogue with the community in the Project area has been recorded, reported, reviewed and considered in framing the decision-making processes of the Group.

Community consultation in the Project area and surveys and monitoring carried out by the Group have consistently emphasised the negative impact on the community of the failure of the Romanian authorities to permit the resumption of mining activities in the Apuseni Mountains, where the potential for other economic activity is very low.

As a result of these efforts, and the intensive engagement of the Group in the community over the years, a strong level of support was established in favour of the Project.

During 2017, the Group has continued to manage the community's concerns related to the cessation of development activities in light of the ongoing arbitration. A community engagement programme with former employees of the Group has demonstrated that people feel understandably concerned and frustrated with the current status of the Project, seeking explanations as to why the Romanian authorities continue to refuse the permit a project which would provide a better quality of life for the local communities.

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

A high priority for the Group has been to ensure that the resettlement and relocation of families affected by the mine is handled with care and empathy and with attention to protection of community identity and the cultural values of the region.

To ensure a responsible approach to the acquisition of surface rights for the Project, in 2000 RMGC engaged various independent consultants (international and Romanian) to prepare a resettlement plan appropriate for the Project. To ensure the plan complied fully with Romanian requirements as well as international best practices, it was also reviewed and appraised by a leading international project management consultancy practice and a respected international resettlement specialist in large-scale industrial projects. The resulting Resettlement and Relocation Action Plan ("RRAP") set out the approach that was adopted by RMGC for the acquisition of surface rights and the resettlement and relocation of affected households in the Project-impacted area. The RRAP was first made public in 2001.

With the assistance of highly-qualified independent experts and in accordance with prevailing national and international standards and guidelines, RMGC developed and updated as necessary the RRAP to guide the company's approach to resettle and/or relocate affected households and businesses.

The RRAP set out the standardized approach that RMGC followed to establish compensation for property to be acquired and for providing financial and other support for displaced persons and businesses, including moving and relocation assistance for integration within the new communities, and support to replace any lost income. RMGC's fundamental approach, as detailed in the RRAP, was to acquire property rights on a "willing seller/willing buyer" basis. The Group purchased properties owned by 794 households, acquiring on a willing seller-willing buyer basis properties from approximately 78% of households in the Project area.

In accordance with the monitoring obligations set out in the RRAP and other social management and sustainable development plans adopted by the Group, as well as the provisions of the Group's 'Environmental Impact Assessment Report', the Group has carried out social impact monitoring of the affected households, undertaken evaluations of the efficiency of the measures proposed and adopted and subsequently implemented improvements thereto.

### **Community Sponsorship**

As a consequence of the Romanian authorities refusal to address the regulatory assessment and permitting procedures for the Project, the Group was left with no alternative but to cease almost all investment programs in 2014, including community sponsorship and support programs (including support to churches, a 'Cultural and Living Traditions' program, community infrastructure, schools and education, hospitals and health, the "Future of Mining" Union and medical transportation).

### **Cultural Heritage**

The Group has demonstrated its commitment to the research, preservation, restoration, and promotion of the cultural heritage of Roşia Montană as an integral part of the development of the Project.

RMGC developed a Cultural Heritage Management Plan, in accordance with Romanian and EU legislation and with World Bank and other international guidelines, aimed at drawing on and valorizing Roșia Montană's cultural heritage in all its forms – archaeological, architectural, and historical. Such plan presented an integrated approach to sustainable development for Roșia Montană and the surrounding area through cultural heritage-based tourism that included restoration of historic buildings, development of a circuit of mining museums, and restoration of historically significant portions of underground mining galleries to permit safe access by tourists.

To ensure that the Project would be designed and developed in a manner consistent with preserving cultural heritage, the Group funded at Roșia Montană from 2001-2006 the largest program of privately-funded professional archaeological research ever undertaken in Romania.

## **Environment**

The Group designed, and intended to implement, the Project in an environmentally responsible manner based on the highest international environmental standards. In doing so, the Project would have represented a model for large-scale modern mining projects.

An important benefit of the Project was RMGC's detailed long-term remediation and rehabilitation plans to abate and treat the severe historical pollution at the Project site caused by the State's prior mining activities in and around Roșia Montană. In so doing, RMGC would have relieved the State of its obligation to clean up the historical pollution at Roșia Montană, which the State was either unwilling or unable to do.

Roșia Montană, the site of the Project, is a deeply and visibly scarred and polluted area that has been mined for almost 2,000 years, including by the Romanian State from the early 1960s to 2006. Given Roșia Montană's remote location, scarred landscape, polluted waterways, and poor infrastructure, a significant mining project offered the only viable means of attracting the capital to address the remediation needs of the area. In this context, the Group committed to invest millions of dollars to tackle such legacy pollution problems and, as described in previous reports, it invested in a pilot water treatment facility to demonstrate the Group's commitment to such remediation activities. In addition, in responding to the challenges of climate change the Group has over the years carried out numerous reviews to reduce the energy intensity of the proposed operations, as well as exploring the utilisation of renewable energy technologies as a means to reduce the carbon footprint of the Project.

## **Corporate Governance**

As noted in previous reports, the board of directors and management of Gabriel believe that sound and effective corporate governance is essential to the Group's performance and the Group seeks to achieve the highest standards of corporate governance. The Group has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and that the board functions independently of management. In addition, Gabriel's corporate governance committee reviews the Group's corporate governance practices and procedures on a regular basis to ensure that they address significant issues of corporate governance.

Through the application of these standards, the Project with its independent monitoring of compliance and transparency would have provided a 'model' for industrial projects in terms of sustainable development.

Finally, as noted in prior reports, the Group's commitment to sustainable development is demonstrated by its willingness to adopt and embrace key initiatives and processes that drive best practices. The Group 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)).