



GABRIEL RESOURCES LTD.
110 Yonge Street, Suite 1501
Toronto, Ontario M5C 1T4
Phone: (416) 955-9200
Fax: (416) 955-4661

Oliver Johner
Communication on Progress Analyst
Global Compact Office
United Nations
DC2 - 615B
New York, NY 10017, USA

May, 23, 2008

Dear Mr. Johner,

We are submitting under separate cover, according to the website instructions, the Communication on Progress for Roşia Montană Gold Corporation (RMGC) of Romania, a signatory to the Global Compact. Versions of the COP have been provided in English and will be provided in Romanian. We believe this COP meets the requirements of the Compact and demonstrates our commitment to the ten principles, even in a difficult year when the review of our project in Roşia Montană has been suspended, and trust you will agree.

Gabriel Resources, Ltd., a Canadian company, is the majority shareholder in RMGC, owning 80% of the company in partnership with the Government of Romania, which holds 19.3%, and three small Romanian shareholders which hold the remainder. Given that Rosia Montana is Gabriel's only asset, we also have included a copy of Gabriel's 2007 Responsibility Report which is being released to our stakeholders simultaneously, with the request that this be published in addition to RMGC's formal COP.

Please do not hesitate to contact me should you have any questions regarding this material.

Sincerely,

Kathy Sipos
VP Investor Relations and Corporate Communications
Gabriel Resources

To the Stakeholders of the Roşia Montană Gold Corporation:

This report will serve as the 2008 Communication on Progress under the UN Global Compact for the Roşia Montană Gold Corporation (RMGC), which is 80 percent owned by Gabriel Resources Ltd. and of which I serve as President and CEO. I therefore take this opportunity to reiterate the support of both Gabriel and RMGC, and my personal support, for the principles of the UN Global Compact. Some principles, such as those concerning human rights, labour, and anti-corruption, have been adopted by the Company and fully integrated into its operations, independent of local laws. Others, such as those concerning the environment, must await the beginning of mine operations before they can be fully implemented in practice. However, the Company has communicated its commitment to operating the mine in an environmentally safe and responsible manner in full compliance with both European and Romanian laws and regulations and international best practices. Our work with the Roşia Montană Environmental Partnership is an example of our commitment to Principle 8 on initiatives to promote greater environmental responsibility.

This Communication on Progress describes a number of practical steps we have taken to implement the Global Compact principles, even during a difficult environment in which the review process for the Roşia Montană Project was suspended in September 2007. We also report on specific measures and actions that RMGC has taken over the last year, both specific actions to benefit people living in the Roşia Montană region and our broader strategy to develop a community-led partnership for development. Our actions in promoting sustainable development will further advance towards achieving several of the Millennium Development Goals, especially Goal 2 to achieve universal primary education, Goal 7 to ensure environmental sustainability, and Goal 8 to develop a global partnership for development.

This report is being released along with the 2007 Responsibility Report for Gabriel Resources Ltd. Both documents are available in Romanian. To make this report as widely available to our stakeholders as possible, we are posting this on our internet site, www.gabrielresources.com, it is available in Roşia Montană itself at the Roşia Montană Information Centre, and it is available upon request via post or email.

RMGC's goal is to set the benchmark for responsible mining. That means constantly reviewing performance and sometimes readjusting our approach for the best possible long-term results in all aspects of our operations. Towards that end, in 2007, we re-examined the philosophy that guides our approach to sustainable development. Through that effort, we have evolved a new, more selective approach to our Corporate Social Responsibility (CSR) strategy, one that encourages community-based grassroots development, rather than simply taking a top-down approach. Through our review, we identified the upcoming ISO 26000 international standard for Social Responsibility. We want to ensure that by modeling our CSR approach on the highest standards, we will be best positioned to fulfill our commitments – and to do so as the first company in the industry to comply with these new international standards.

In this reexamination of our works, we have come to a new realization that our Social Responsibility efforts have to help foster the growth of community capacity, while not ignoring immediate needs. To that end, we are focused on partnerships with the community, particularly in the area of education and training.

Our new rigorous approach to corporate governance and social responsibility is already teaching us how to be mindful of all stakeholders, investors included. And being responsible to the community, we have learned, also means providing it with the tools to meet its own needs. True sustainability is less about corporate contributions and more about building up a community's capability over time. As a short-term fix to problems, contributions can breed dependency, not sustainability: Our contribution to the community's long-term viability should take the form of partnerships. Community engagement, as with stakeholder engagement in general, is an organic process of growth that depends on various elements interacting in harmony. Time, patience, and openness to working together are a few essential factors to fostering long-term success.

The single most significant way RMGC can focus on the future of the Rosia Montana community, and strengthen its ability to secure its own long-term welfare, is to focus on its youth. The cornerstone of our youth education partnerships is the **Local Partnership for Education** linking RMGC and Ovidiu Rom, one of Romania's leading educational non-governmental organizations (NGOs). Begun in 2006 as a pilot summer school program that introduced about 60 children and 20 local teachers to innovative teaching methods, this partnership grew to a year-round effort that promises to become a real community-led educational network meant to improve access to education which already includes school inspectors, local councils, NGOs, schools, and the business community. In 2007, workshops were provided to about 300 children and 40 teachers in six locations around Rosia Montana, exposing them to new methods of educating and learning. Others were the recipients of nine micro-grants designed to encourage innovation in teaching. A highlight of this partnership was the naming of a local teacher as "Teacher of the Year" at the annual Halloween Ball last October, a high-profile event held in Bucharest. The teacher's achievement won the attention of Romania's Prime Minister.

Beyond the classroom, the **Youth Resource Centre (CERT)**, an initiative of the **Rosia Montana Youth Partnership**, offers skill and leadership training courses and student exchange activities. CERT quickly became a popular centre in 2007 not only for students but for the entire community of Abrud, located 10 kilometres from Rosia Montana. Two dozen of Rosia Montana's aspiring leaders completed leadership training and participated in projects and exchange programs in Romania as well as several other countries during 2007, as part of the **Youth for Rosia Montana Program**, a second initiative of the partnership. CERT is now planning to open a second location, in Rosia Montana. The Company funded the renovation of the community centre as well as all operating costs for the first six months of operation until CERT was able to become more self-sufficient, while continuing to be a strong financial supporter of the partnership.

The two-year-old **Rosia Montana Environmental Partnership (RMEP)** reached a milestone in 2007 when it formally became an NGO, paving the way for it to become

self-sufficient in pursuing the interests of the community. This represents just one of a number of examples of our change in philosophy from a top-down approach to community-driven grassroots development. RMEP is an environmental education and awareness NGO that participates in environmental remediation projects in the Rosia Montana area. RMGC was an initiator of this partnership, dedicating company employees to the program as well as funding the remediation efforts. While RMGC will continue to fund the new NGO, RMEP's priorities will now be driven by the community and not RMGC.

The cornerstone of our **adult education program** has been the partnership with local and county officials for vocational training and adult education programs, which to date has delivered over 50 training courses to more than 1,800 community members to improve their professional skills. Upgrading the skill set of the community beyond the mine skill sets required for our project is one example of how the Company can act as a catalyst that brings not only resources to the effort – but helps the community itself strengthen its ability to secure its own welfare.

2007 also saw the launch of **Rosia Montana MicroCredit**, the Company-chartered microbank aimed at jump-starting small business creation and expansion. The mission of micro-credit involves more than merely making loans; one of Rosia Montana MicroCredit's first accomplishments was the training of 120 would-be entrepreneurs on the basics of developing new business concepts. Unfortunately, as the fate of Rosia Montana lies in the ability of RMGC to obtain its mining permits, a process which was suspended in September 2007 by the Romanian Ministry of Environment, the Company was forced to put this initiative under review until it receives approval for the mine. Obviously for this initiative to be successful it requires an economy that is poised for recovery rather than one which faces increasing unemployment which is already over 70 percent.

Finally, our **Good Neighbour Program** was developed in late 2005 to help address the most immediate needs of the residents. As a community in a government-designated "Disadvantaged Zone", Rosia Montana has more than its share of isolated elderly, poor families and disadvantaged youth. Our Good Neighbour Program is being handed over to the community, with local NGO ProRosia taking the lead, following some capacity development training, in partnership with local churches, the Rosia Montana Town Hall, and a local school.

RMGC's overall contributions to the community – at local, regional, national and international levels – were substantial, exceeding US\$400,000 (≈1 million RON). In keeping with our mandate to focus on the immediate community of Rosia Montana and the surrounding area, the majority of our efforts occurred locally and regionally. Voluntary contributions to the community during 2007 amounted to over US\$300,000 (≈760,000 RON), comprising cash contributions and in-kind support, not including 9,744 hours of work performed by company employees for the community as part of our Good Neighbour Program. Employees' time consisted of providing transportation for vulnerable members of the community (children and students, the isolated elderly and

those facing emergency situations), as well as technical assistance to community members, such as equipment repair.

Individual departments of RMGC also made certain contributions that fell within their mandate and were consistent with the Company's overarching CSR vision. The Human Resources Department, for instance, organized a partnership with government officials for adult programs that delivered vocational and adult education to over 1,800 community members, as well as business training seminars to potential entrepreneurs. The Patrimony Department allocated a substantial amount to restoring the roof of a historic Greek-Catholic Church in Rosia Montana, as well as beginning renovations of the first of many such planned historic houses in the village square. One of the definitions of community is continuity. In that spirit, the Company sees the preservation of the past as key to the reinvigoration of Rosia Montana's future. The Administration Department carried out various activities throughout 2007, in support of the community within and in the vicinity of Rosia Montana.

Looking back at our CSR efforts in 2007, it is important to remember that we were experiencing at the same time one of the most difficult periods in the Company's history. The suspension of the EIA review process in September 2007 has served as a sobering reminder that we must walk before we run – that we first need to gain approval to begin mine construction before jumping deep into efforts to encourage the community's sustainability past the life of the mine. Institutions, no less than individuals, encounter times when they must make a virtue of necessity. The process of retrenchment triggered by the suspension also helped us focus our attention on readjusting some priorities. During 2007, our CSR efforts continued despite a difficult period in the Company's life.

We look forward to continuing and meaningful dialogue with our stakeholders, both on this report and throughout the development and review of the Roşia Montană Project. We have committed that, should the Project be approved, our commitment to dialogue with stakeholders will continue throughout all stages of the Project, from construction to operations to an environmentally-responsible closure and post-closure safety and environmental monitoring.

I am pleased to submit this report to our stakeholders and look forward to continuing to work with you.

A handwritten signature in black ink, appearing to read 'Alan Hill', written in a cursive style.

Alan Hill
President and CEO,
Gabriel Resources Ltd. &
Rosia Montana Gold Corporation