



## GABRIEL RESOURCES LTD.

### Corporate Governance Guidelines

#### 1 INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of Gabriel Resources Ltd.<sup>1</sup> (“**Company**” or “**Gabriel**”) is committed to adhering to the highest standards in its corporate governance practices. The Board has approved the following corporate governance guidelines which, together with the Board Mandate, the position description for the Chair of the Board, the position description for the Chief Executive Officer (“**CEO**”), and the charters of the committees of the Board, provide the general framework for the governance of Gabriel and its subsidiary companies. The Board believes that these guidelines will continue to evolve to address all applicable regulatory and stock exchange requirements relating to corporate governance and will be modified and updated as circumstances warrant.

#### 2 BOARD RESPONSIBILITIES

##### Board Mandate

- 2.1 The Board has responsibility for the stewardship of Gabriel and has adopted a formal written mandate setting out the Board's stewardship responsibilities, including:
- adopting a strategic planning process;
  - reviewing risk identification and ensuring that procedures are in place for risk management;
  - reviewing and approving annual operating plans and budget;
  - corporate social responsibility, ethics and integrity;
  - succession planning, including the appointment and termination of the CEO and persons in charge of a principal business unit or business function of Gabriel and its subsidiaries (being the officers of Gabriel, other than the non-Executive Chairman, and the Managing Director of Rosia Montana Gold Corporation S.A. (“**RMGC**”) together “**Senior Executives**”);
  - delegations to and general approval guidelines for the persons in management roles for Gabriel (“**Management**”);
  - monitoring financial reporting and management;
  - reviewing corporate disclosure and communications;

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<sup>1</sup> These Guidelines apply to Gabriel Resources Ltd. and where the context so permits, all of its subsidiaries. Accordingly, when these Guidelines refer to stewardship or the application of the principles and actions therein to “Gabriel”, such reference includes Gabriel and its subsidiaries, as appropriate.

- adopting measures for receiving feedback from stakeholders;
- adopting key corporate policies designed to ensure that Gabriel, its directors, officers, employees, consultants and contractors comply with all applicable laws, rules and regulations and conduct business for and on behalf of Gabriel ethically and with honesty and integrity.

### **Corporate Governance**

- 2.2 The Board has delegated responsibility to the Corporate Governance & Compensation Committee for developing Gabriel's approach to corporate governance, including recommending modifications to these Corporate Governance Guidelines for consideration by the Board.

## **3 BOARD ORGANIZATION & MEMBERSHIP**

### **Director Selection Criteria**

- 3.1 The Corporate Governance & Compensation Committee is responsible for assessing the need for, and the preferred experience and qualifications of directors, taking into consideration the independence, age, skills and experience required for the effective conduct of the Gabriel's business. To this end, the Corporate Governance & Compensation Committee is mandated to identify qualified candidates for nomination as directors and to make recommendations to the Board. Directors are also encouraged to identify potential candidates. A skills matrix is used by the Corporate Governance & Compensation Committee to identify the skills and experience required for nominees to the Board and recommendations are based upon character, integrity, judgment, business experience, record of achievement and any other skills or talents that would enhance the Board and overall management of the business and affairs of the Company.
- 3.2 The Corporate Governance & Compensation Committee is required under its charter to annually review the characteristics, qualities, skills and experience which form the criteria for candidates to be considered for nomination to the Board. The objective of this review is to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of Gabriel.
- 3.3 All directors are required to possess fundamental qualities of intelligence, honesty, integrity, ethical behavior, fairness and responsibility and to be committed to representing the long-term interests of the shareholders. They must also have a genuine interest in Gabriel, the ability to be objective at all times about what is in the best interests of Gabriel, have independent opinions on all issues, be both willing and able to state them in a constructive manner, and be able to devote sufficient time to discharge their duties and responsibilities effectively.

### **Independence**

- 3.4 Each year the Board reviews and makes a determination on the independence of each director in light of all applicable securities laws, rules and regulations (including those of the stock exchange on which Gabriel's shares are then traded). The determination of independence of the directors will be publicly disclosed. Gabriel will maintain a Board with at least a majority of independent directors.

### **Board Size**

- 3.5 The Board has the ability to increase or decrease its size within the limits set out in Gabriel's articles and by-laws. The Board will determine its size with regard to the best interests of Gabriel. The Board believes that the size of the Board should be sufficient to provide a diversity of expertise and opinions and to allow effective committee organization, yet small enough to enable efficient meetings and decision-making and to maximize full Board attendance. The Board will review its size if a change is recommended by the Corporate Governance & Compensation Committee.

### **Election by Shareholders**

- 3.6 The members of the Board will be elected each year by the shareholders of Gabriel at the annual general meeting of shareholders. The Board will propose a slate of nominees to the shareholders for election to the Board at each such meeting, providing shareholders the opportunity to vote for or withhold on each director. Between annual meetings of shareholders, the Board may appoint directors to serve until the next such meeting in accordance with Gabriel's articles and by-laws.

### **Majority Vote Policy**

- 3.7 If the votes "for" the election of a director nominee at a meeting of shareholders are fewer than the number voted "withhold", the nominee will submit his or her resignation to the Corporate Governance & Compensation Committee for consideration promptly following the meeting of shareholders. This policy applies only to uncontested elections, meaning elections where the number of nominees for directors is equal to the number of directors to be elected. The Corporate Governance & Compensation Committee shall consider the resignation and shall provide a recommendation to the Board. The Board will consider the recommendation of the Corporate Governance & Compensation Committee and determine whether to accept the resignation within 90 days of the applicable meeting of shareholders. A news release will be issued by Gabriel announcing the Board's determination, and filed with the relevant securities commissions as well as the TSX Venture Exchange ("**Exchange**"). The Board will accept the resignation absent exceptional circumstances. If the Board does not accept the resignation, the news release will fully state the reasons for the decision. A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation shall be accepted.

### **Selection of Chair of the Board**

- 3.8 The Chair of the Board will be appointed by the Board after considering the recommendation of the Corporate Governance & Compensation Committee. The Board has adopted and will periodically review the position description for the Chair of the Board. The Board has a preference for an independent, non-executive Chair of the Board, but will consider exceptions when that would be in the best interests of Gabriel.

### **Lead Director**

- 3.9 The role of the lead director will normally be filled by the non-executive Chair of the Board. At any time when the Chair of the Board is not independent, the independent directors will consider selecting an independent director to carry out the functions of a lead director. This person will Chair regular meetings of the independent directors and assume other responsibilities which the independent directors as a whole have designated.

### **Tenure of Directors**

- 3.10 The Board has determined that it should not establish director term or age limits. The Board is of the view that the effect of term or age limits could result in the loss of well qualified, contributing directors who have been able to develop, over a period of time, significant insight into Gabriel and its operations and an institutional memory that benefits the Board as well as Management. As an alternative to term or age limits, the Corporate Governance & Compensation Committee will review each director's continuation on the Board annually. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board and allow Gabriel to replace directors where, upon recommendation of the Corporate Governance & Compensation Committee, the Board makes a determination in respect of changes to the composition of the Board.

### **Diversity and Gender Representation**

- 3.11 Gabriel believes that diversity can enhance both the quality and effectiveness of company performance and can be an important aspect of effective corporate governance. In identifying and nominating candidates for election to the Board or as members of Management, Gabriel is committed to maintaining a robust campaign to recruit the best qualified candidates whose appointments will be made based on merit, in the context of skills, experience, independence, knowledge and other qualities which Gabriel requires to be effective, with due regard for the benefits of diversity (including the level of representation of women on the Board and in Management positions).
- 3.12 Gabriel has not adopted a written policy relating to the identification and nomination of women directors to the Board or appointment of women within Management. The Board believes that this approach is appropriate for the current circumstances of Gabriel and a formal written policy is not necessary to achieve positive outcomes in Board and Management gender diversity.
- 3.13 Gabriel has not adopted quotas or targets regarding gender representation on the Board or in Management positions. The Board does not believe that any candidate for a director nominee or Management position should be chosen nor excluded solely or largely because of gender. In selecting a candidate, the Board focuses on skills, expertise and background that would complement the existing Board and/or the existing Management team.

## 4 BOARD COMMITTEES

- 4.1 The Board has determined that there should be three standing Board committees: (i) Audit Committee; (ii) Corporate Governance & Compensation Committee; and (iii) Arbitration Committee. The Board will change the Board committee structure and authorize and appoint other committees as it considers appropriate.

### **Committee Charters and Responsibilities**

- 4.2 The Board will approve a written charter for each committee setting forth its purpose, authority, duties and responsibilities. At the Board's discretion, committee charters will be publicly disclosed.

- 4.3 The responsibilities of the **Audit Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to:

- (a) financial reporting and disclosure requirements;
- (b) ensuring that an effective risk management and financial control framework has been implemented by Management of Gabriel; and
- (c) external and internal audit processes.

- 4.4 The responsibilities of the **Corporate Governance & Compensation Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to:

- (a) developing governance guidelines and principles for Gabriel;
- (b) identifying individuals qualified to be nominated as members of the Board;
- (c) structure and composition of Board committees;
- (d) evaluating the performance and effectiveness of the Board;
- (e) Senior Executive succession, development;
- (f) establishment of compensation policies, including all incentive and equity based compensation plans;
- (g) establishment of corporate goals and objectives relevant to CEO and Senior Executive compensation;
- (h) evaluation of the CEO's performance and determination of the CEO's compensation;
- (i) evaluation of the performance of Senior Executives and determination of their compensation and corporate goals and objectives; and
- (j) compensation of directors.

- 4.5 The responsibilities of the **Arbitration Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to the arbitration proceedings of Gabriel against Romania before the International Centre for Settlement of Investment Disputes.

## **Membership of Committees**

- 4.6 The Board has determined that the Audit Committee and the Corporate Governance & Compensation Committee will be comprised entirely of directors determined by the Board to be independent. The Board has determined that the Arbitration Committee will be comprised at least 50% independent directors and that a majority of its members will have a working familiarity with the conduct of arbitrations or management of legal matters.
- 4.7 In addition, all members of the Audit Committee will be financially literate and, if required by applicable laws, rules and regulations, at least one member will be a financial expert. Membership and independence of all committee members will be publicly disclosed.
- 4.8 After receipt of recommendations from the Corporate Governance & Compensation Committee, the Board will appoint the members of the committees annually, and as necessary to fill vacancies, and will appoint the Chair of each committee. Members of the committees will hold office at the pleasure of the Board.

## **Oversight of Committee Functions**

- 4.9 The purpose of Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for all matters assigned to a Board committee for its determination. Except as may be explicitly provided in the charter of a Board committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by a Board committee.

## **5 BOARD AND COMMITTEE MEETINGS & MATERIALS**

### **Scheduling and Frequency of Meetings**

- 5.1 The Chair of the Board, in consultation with the Corporate Secretary, will establish a schedule for the meetings of the Board and its committees each year, which is approved by the Board. Board and committee meeting dates will be established sufficiently in advance where possible (at least one year if practical) to minimize conflict with other commitments on directors' schedules. The Board will hold meetings, either in person or by teleconference, a minimum of three times per year, however typically every quarter and adjacent to the annual meeting of the shareholders. If, during the course of the year, circumstances require Board or committee action or consideration, additional meetings will be called.

### **Meeting Agendas**

- 5.2 The Chair of the Board and the CEO, in consultation with the Corporate Secretary, will establish the agenda for each Board meeting. Each director may suggest the inclusion of additional items on the agenda. The Chair of each committee, in consultation with the Chair of the Board, the CEO, and the Corporate Secretary, will establish the agenda for each committee meeting. Any committee member may suggest the inclusion of additional items on the committee agenda.

### **Meeting Materials**

- 5.3 Board and committee meeting materials will be provided to directors before each Board or committee meeting in sufficient time to ensure adequate opportunity exists for review. If certain material is sensitive or highly confidential in nature, then the material may be distributed at the Board or committee meeting.

### **Participation of Management at Board and Committee Meetings**

- 5.4 The Board believes there is value in having members of Management attend Board and committee meetings to provide information and presentations regarding the business of Gabriel to assist the directors in their deliberations. Attendance by Management will be determined by the CEO with the concurrence of the Chair of the Board and Chairs of committees. Management will be excluded from Board and committee meetings during which there are discussions of matters reserved for directors only.

### **Meetings of Independent Directors**

- 5.5 The independent directors of the Board will hold an in camera meeting in conjunction with every regular meeting of the Board.

## **6 NON-EXECUTIVE DIRECTOR COMPENSATION**

- 6.1 The Board has determined that the non-executive directors should be compensated in a form and amount that is appropriate and customary for comparative companies, having regard to the nature and size of business at Gabriel and such matters as time commitment, responsibility and trends in director compensation. The Corporate Governance & Compensation Committee is mandated to review periodically the compensation of the non-executive directors. All compensation paid to non-executive directors will be publicly disclosed.

### **Loans to Directors**

- 6.2 Gabriel will not make any loans to any of its directors.

## **7 THE BOARD'S RELATIONSHIP WITH MANAGEMENT**

- 7.1 The Board will support and encourage Management in the performance of their duties. Management will make appropriate use of the Board's skills before decisions are made on key issues. The Board has adopted and will periodically review the position description for the CEO.

### **Limits on Management Authority**

- 7.2 The Board will approve periodic business plans and annual budgets and will also approve general authority guidelines that place limits on Management's ability to approve contractual and financial arrangements and commitments, both in accordance with, and outside, approved budgets. All transactions, arrangements and commitments outside approved budgets and defined limits will require approval by the Board.

### **Evaluation of the Chief Executive Officer**

- 7.3 The Corporate Governance & Compensation Committee will conduct an annual review of the performance of the CEO against any goals and objectives which have been established for the CEO and will review, assess and recommend the compensation of the CEO to the Board. The Chair of the Board and the Chair of the Corporate Governance & Compensation Committee will advise the CEO of the results of the assessment.

### **Director Access**

- 7.4 All directors have, at all reasonable times and on reasonable notice, full and free access to officers and employees and the records and properties of the Company. Any meetings, contacts or property visit that a director wishes to initiate should normally be arranged through the CEO. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. All written communications from directors to officers and employees normally will be copied to the CEO or, in the case of accounting and financial matters, to the CEO and the Chief Financial Officer.
- 7.5 Individual directors are encouraged to make themselves available for consultations with Management outside of Board meetings in order to provide specific advice and counsel on subjects where such directors have special skills, knowledge and experience.

## **8 DIRECTOR RESPONSIBILITIES & PERFORMANCE**

### **Director Responsibilities**

- 8.1 Directors are expected to use their skill and experience to provide oversight of the business and affairs of Gabriel. Directors have a statutory duty to act honestly and in good faith with a view to the best interests of Gabriel and to exercise the care, diligence and skill that a reasonably prudent person would in comparable circumstances.

### **Attendance at Meetings**

- 8.2 Directors are expected to attend all Board meetings and meetings of committees of which they are members, either in person or by conference call, absent extenuating circumstances. A director will notify the Chair of the Board or of a committee or the Corporate Secretary if the director will not be able to attend or participate in a meeting. Gabriel will publicly disclose the Directors' attendance record on an annual basis. All directors are invited, but not required, to attend meetings of committees of which they are not members.

### **Board and Committee Meeting Materials**

- 8.3 Directors are expected to review and be familiar with Board and committee meeting materials which have been provided in sufficient time for review prior to a meeting.

### **Outside Advisors for Individual Directors**

- 8.4 Any director who wishes to engage an independent advisor to assist on matters involving the discharge of his duties and responsibilities as a director at the expense of Gabriel should review the request with, and obtain the authorization of, the Chair of the Board or the Corporate Governance & Compensation Committee.

### **Assessment of Board and Committee Performance**

- 8.5 The Corporate Governance & Compensation Committee is mandated to undertake an annual assessment of the overall performance and effectiveness of the Board and each committee of the Board and report on such assessments to the Board. The purpose of the assessments is to ensure the continued effectiveness of the Board in discharging its duties and responsibilities and to contribute to a process of continuing improvement. Board members are required to complete annual self-assessment reports, and are polled regarding the performance of the other directors, which are reviewed by the Corporate Governance & Compensation Committee and its Chair respectively to ensure that the Board as a whole has the appropriate mix of skills and competence and to assist in placing Board members on committees where their expertise can best be utilized and also to identify skills and experience gaps important in identifying any new nominees to the Board.

### **Conflicts of Interest**

- 8.6 Each director has a legal responsibility to disclose all actual or potential conflicts of interest and generally to abstain from voting on matters in which the director has an interest, and to recuse himself or herself from any discussion or decision on any matter in which he or she is precluded from voting as a result of a conflict or which otherwise affects his or her personal, business or professional interests.

## **9 CORPORATE POLICIES**

### **Review of Corporate Policies**

- 9.1 The Corporate Governance & Compensation Committee is mandated to periodically conduct a review of the Board Mandate, these Corporate Governance Guidelines, the Code of Business Conduct and Ethics, principal corporate policies and Committee Charters, and recommend updates or amendments for consideration by the Board.

## **Waivers of the Code of Business Conduct and Ethics**

- 9.2 The Board expects all directors, officers, employees, consultants and contractors to act honestly and ethically at all times and to adhere to Gabriel's Code of Business Conduct and Ethics. Any waiver of this Code with respect to a director or member of Management may be made only by the Board. Any such waiver will be promptly disclosed to the extent required by applicable laws or stock exchange rules and regulations.

## **10 DISCLOSURE**

### **Annual Governance Reporting**

- 10.1 Gabriel will publicly disclose, on an annual basis, its corporate governance practices in compliance with all relevant securities laws, rules and regulations and stock exchange rules and regulations.

### **Access to Disclosure**

10. As required by applicable law, certain information referred to in these Guidelines is included in Gabriel's annual information form and management information circular and posted on SEDAR at [www.sedar.com](http://www.sedar.com). These Guidelines and certain other charters, mandates and policies will be posted directly on Gabriel's website.

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