



NEW GOLD INC.
2009 SUSTAINABILITY REPORT

CONNECTED

ABOUT THIS REPORT

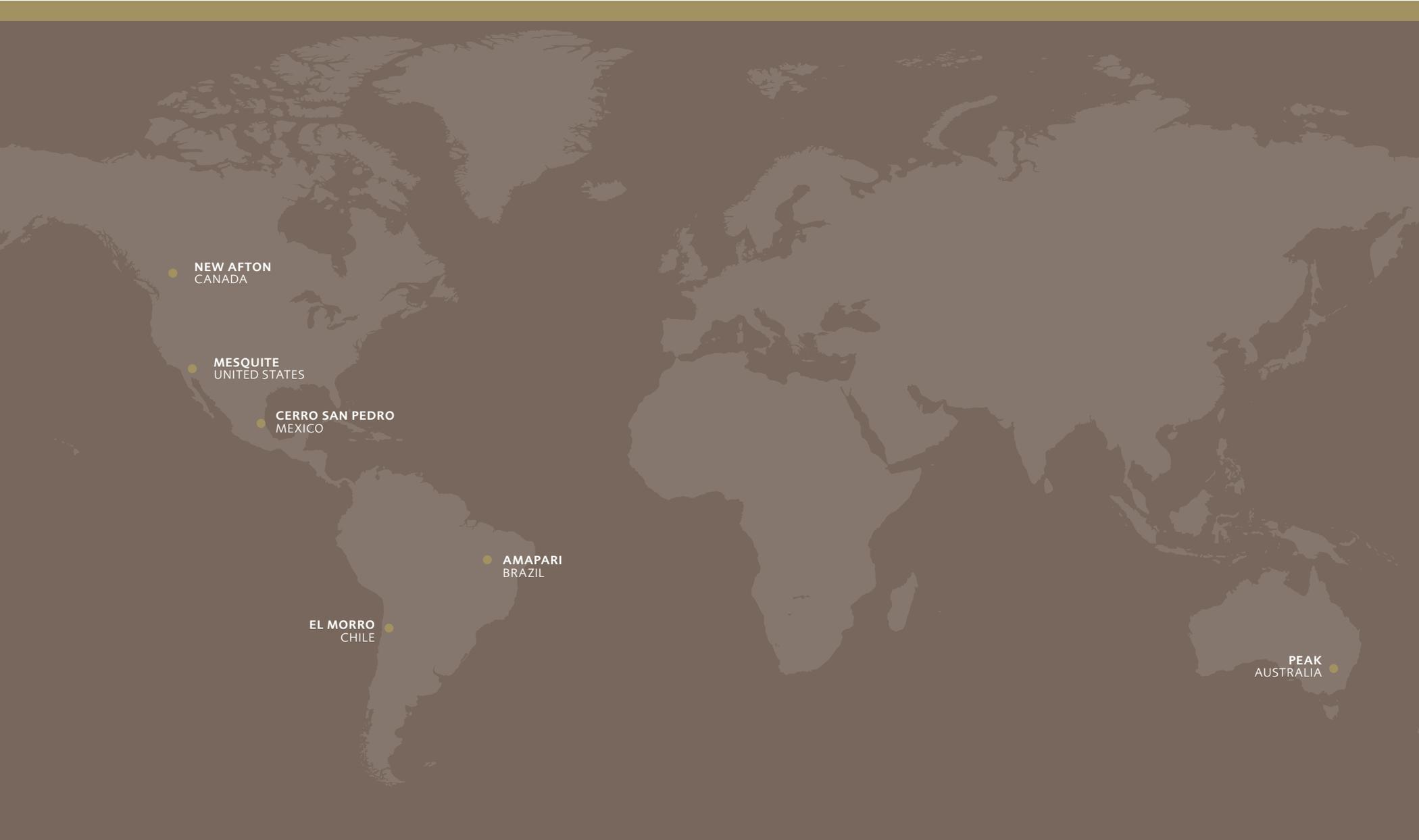
In June 2009, New Gold successfully completed a business combination with Western Goldfields Inc., continuing our growth as an intermediate gold mining company with three operating mines— Mesquite in the United States, Peak in Australia, and Cerro San Pedro in Mexico, and two development projects – wholly-owned New Afton in Canada and 30% owned El Morro in Chile. The Amapari Mine in Brazil was placed on care and maintenance status in January 2009. This second annual sustainability report describes the accomplishments of our three active operations, the Amapari Mine and the New Afton development project to December 31, 2009. Information regarding the El Morro project and its sustainability programs is available at the project website (www.mineraelmorro.cl).

In the following pages, we report on our demonstrated commitment to sustainable mining under the headings Our People, Our Communities and Our Environment. We conclude with Our Future—a tabulation of objectives and targets by which we can measure our progress in continuous improvement over time.

In early 2009, we adopted our corporate Health, Safety, Environment and Sustainability Policy (www.newgold.com/SocialResponsibilities/default.aspx). We became a member of Canadian Business for Social Responsibility, joining a multi-sector membership of companies that seek to distinguish themselves by their initiatives in the area of corporate social responsibility. We committed to the principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

Looking forward, we see our evolution very much linked to demonstrating our performance by measurable indicators and recognized international guidelines. In this report, we have referenced the performance criteria of the Global Reporting Initiative and have applied the carbon dioxide emissions protocols of the World Resources Institute and World Business Council for Sustainable Development.

MESSAGE FROM THE PRESIDENT AND CEO	2
OUR COMMITMENT	4
OUR PEOPLE	8
OUR COMMUNITIES	12
OUR ENVIRONMENT	18
OUR FUTURE	26



NEW AFTON
CANADA

MESQUITE
UNITED STATES

CERRO SAN PEDRO
MEXICO

AMAPARI
BRAZIL

EL MORRO
CHILE

PEAK
AUSTRALIA

MESSAGE FROM THE PRESIDENT AND CEO



ROBERT GALLAGHER, PRESIDENT AND CEO

Connected

New Gold's approach to the many facets of corporate social responsibility can be summed up in a single word: connected. Building a successful mining company is a joint enterprise that starts with our shareholders and extends to our other external stakeholders, including host communities, governments, and non-governmental organizations. We are connected in our common aspirations to promote the welfare of our employees, whether through healthy, injury-free workplaces, staff development programs, or fair employment and hiring practices. We are connected in our efforts to create sustainable development in the regions where we operate, so that economic prosperity lasts long after mining operations cease. And we are connected in our care for the environment to minimize the impact of mining activities today, and restore disturbed land for tomorrow's citizens.

The theme of connection underlies this report, which documents our performance in the areas of health and safety, fair labour practices, the environment and sustainable community building. Reflecting our commitment to transparency, this report records both our achievements and challenges, and the areas where we see need for improvement. We have made significant progress since our last report in providing metrics that allow comparison with our peers, notably in measuring the effectiveness of our efforts to enhance energy efficiency and reduce our carbon footprint. We intend to make further progress in providing comparable metrics in the years ahead, guided by the respected international standards of the Global Reporting Initiative.

2009 RESULTS

Health and Safety

At New Gold, a focus on workplace health and safety connects us in a company culture that encourages responsibility for our personal welfare as well as that of our co-workers. While our overall injury frequency rate improved from 2008, we nevertheless experienced an increase in lost-time injuries from six in 2008 to eight in 2009. Together, we will continue to take responsibility for implementing a safety-committed culture that includes everyone, from head office to site employees, suppliers and contractors, to achieve our target of zero harm.

Our sites continued their track record of winning safety recognition awards:

- Cerro San Pedro (CSP) in Mexico received the "Casco de Plata" (Silver Hardhat) safety award of the Mexican Chamber of Mines for the second consecutive year for the best safety performance in an open pit mine operation of its size.
- Our Mesquite Mine in California won a respected American Red Cross "Real Heroes" Award, giving regional recognition to its safety training initiatives.

- The New Afton mine rescue team participated in the BC Provincial mine rescue competition in June and won the prestigious "Best in Obstacle & Recovery" award for an underground team.

Community

New Gold believes that our success is inextricably linked to fostering long-term prosperity in the communities where we work and live. This connection starts with our employees who make their homes in nearby towns, and extends to the members of the community at large, with whom we engage in meaningful communication about our plans and activities, as well as their educational, social, cultural, health and employment needs and aspirations. On a wider scale, we invest time and resources in community organizations and development programs that aim to create sustainable development in local regions that can continue after mining activities cease.

Highlights of 2009 include:

- CSP contributed substantially to social responsibility programs, which included initiatives to improve education, infrastructure and health services for local communities.
- Mesquite encouraged and facilitated open lines of communication with its stakeholders. Their doors were opened on several occasions to welcome the community, officials, families and friends and to give them tours of the operation.
- Peak Gold Mines (Peak) was honoured during the year to be a finalist in the New South Wales Minerals Council Community and Sustainability Awards for the introduction of Enterprise Facilitation to the town of Cobar. Enterprise Facilitation seeks to create sustainable communities by assisting individuals with entrepreneurial aspirations to achieve their goals.

- New Afton continued to work with First Nations to build upon the Participation Agreement that was signed in 2008. While still in development, the project has already begun to provide jobs for aboriginals and has commenced a scholarship program for aboriginal students.

Promoting good relations with community members is an ongoing endeavour. In terms of dispute resolution, complaints during 2009 pertained to noise, dust and vibration levels. We took all complaints seriously and took appropriate actions to address them, while ensuring that we remain compliant with relevant permits and regulations.

Our greatest challenge in 2009 was at Cerro San Pedro. While the operation enjoys the overwhelming support of local communities and their residents, it has encountered opposition to mining activities from a mainly non-resident faction. There was a court-ordered partial suspension of mining activities at CSP in mid-November, related to alleged technical deficiencies in its Environmental Impact Statement. This suspension was subsequently lifted by an injunction we obtained in December. CSP is operating and producing gold and silver while New Gold works diligently with local and federal governmental groups in an effort to establish a long-term solution that allows the company to continuously operate Cerro San Pedro, and thus provide ongoing economic benefits to the local people and communities.

Environment

At New Gold, environmental stewardship is integral to the way we think and work. Among the highlights of 2009:

- Our sites were in compliance with environmental permits and regulations and undertook initiatives to enhance their performance, including programs to improve their energy efficiency and reduce their carbon footprint.
- Our recognition for good environmental practices continued at CSP, where its environmental management system was recertified by the International Organization for Standardization (ISO) as fully compliant with ISO 14001:2004.
- Peak's achievements in environmental stewardship were acknowledged by a community award for water conservation and the rehabilitation of a tailings storage facility.
- Our operations reclaimed or revegetated nearly 100 hectares of land in 2009, including land disturbed by historic mining activities where we have taken over responsibility for rehabilitation.
- Recycling has become a major activity at our sites, with everything from scrap metal and used oil to sundry cardboard and plastic items diverted from landfill. Water recycling is maximized in an effort to conserve water.
- On-site nurseries cultivated many thousands of plant seedlings and planted them on reclaimed land to promote biodiversity, or donated them to communities for the same purpose.

There were two reportable incidents at our operations in 2009. At New Afton, site personnel discovered, then moved quickly to remediate, a small leak of oil from a redundant transformer left near a pump booster station by previous owners. The site was completely rehabilitated. At Mesquite, five small birds of a non-endangered species died in a single incident. Mesquite's training programs and operating procedures have been modified to prevent such occurrences in the future.

Looking Forward

Since beginning the integration of the four companies that now comprise New Gold, we have made rapid strides in implementing a company-wide commitment to corporate responsibility. We thank all our employees for their success in improving our performance in 2009.

In the future, our efforts will continue to be guided by our Health, Safety, Environment and Sustainability (HSES) Committee of the Board of Directors. Our aim is to achieve high internationally-recognized standards. To that end, in 2009, New Gold became a business partner of the United Nations Global Compact, which sets high standards across an array of human rights, environmental and labour practices. We will continue our support for the Global Compact and its principles. New Gold is also a member of Canadian Business for Social Responsibility, the non-profit, member-led and globally recognized organization for corporate social responsibility in Canada. To increase the impact of social and economic development efforts, New Gold also supports the Clinton Giustra Sustainable Growth Initiative.

We have set our sights high, both for improving our performance and in measuring it. We welcome your feedback on our progress.

Sincerely,



Robert Gallagher, President and CEO
New Gold Inc.

OUR COMMITMENT



COMPUTER CLASSROOM, PORTEZUELO, CERRO DE SAN PEDRO

"My students especially enjoy the media classroom, which is fully equipped with computers and a satellite connection. Learning computer skills will equip them for the future – and they are having fun too."

PROFESSOR ORALIA CORREA,
DIRECTOR OF VALENTIN GOMEZ
FARIAS HIGH SCHOOL, PORTEZUELO,
MUNICIPALITY OF CERRO DE SAN PEDRO

Wherever New Gold operates, we are committed to the principles adopted in our Health, Safety, Environment and Sustainability Policy. This policy gives guidance to our sites as they implement programs and procedures to achieve these principles in a manner that is most appropriate to their location, environment and local culture.

New Gold is also committed to the principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption. Our values and our practices incorporate these principles and they are reflected in our management procedures and operational activities. With our commitment to the Global Compact, we will communicate our progress in fulfilling its principles and broader development goals.

Health, Safety, Environment and Sustainability Policy

New Gold is committed to excellence in the management of health, safety, environment and sustainability and considers this to be a key driver to achieving a productive and profitable business that contributes to sustainable development for present and future generations.

New Gold's objectives are to:

- ensure the health and safety of employees, contractors and visitors in the workplace;
- prevent pollution;
- minimize impact that its mining operations may cause to the environment;
- demonstrate its commitment to fostering sustainable communities;
- practice the progressive rehabilitation of areas impacted by its activities.

To achieve these objectives New Gold will:

- apply a proactive risk management approach using best practices appropriate to the local conditions and needs that will meet our legal obligations as a minimum;
- identify and engage with our stakeholders and work to take their views, customs and culture into account throughout the life cycle of our operations;
- maintain a responsible mine closure plan that considers the future needs of the local communities;
- continuously improve the health, safety and environmental systems, by establishing and reviewing its objectives and targets, through evaluation, auditing and development of performance improvement plans;
- educate and train our employees and contractors, and inform surrounding communities to promote the application of Health, Safety, Environment and Sustainability principles;
- seek and adopt sustainable practices in the use of natural resources taking into consideration the protection of the local and regional biodiversity where we operate;
- maximize the reuse of materials and recycling of waste, and minimize the use of consumables and raw materials; and
- promote economic prosperity in our surrounding communities, both during and post mining operations by fostering local entrepreneurship.

New Gold will report openly to its stakeholders on its progress to achieve the objectives of this policy.



NURSERY AT CERRO SAN PEDRO

United Nations Global Compact

The Ten Principles of the United Nations Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

HUMAN RIGHTS	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.
LABOUR	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.
ENVIRONMENT	
Principle 7	Businesses are asked to support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.
ANTI-CORRUPTION	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

OUR PEOPLE

8



"With the safety skills like CPR that Luis has received at the mine site, our whole family benefits from having this additional safety knowledge at home. I think we are more mindful of doing things the safe way."

MARTHA PLANCARTE, WIFE OF MESQUITE EMPLOYEE LUIS PLANCARTE

	2009	2008
Lost-Time Injuries	8	6
Fatalities	0	0
Lost-Time Injury Frequency Rate	0.47	0.37
All Injuries Frequency Rate	3.07	3.73
Employees and Contractors	1,281	1,293
Turnover (%)	12	15

Our Policy: To ensure the health and safety of employees, contractors and visitors in the workplace.

At New Gold, we believe that every worker should go home injury-free every day. A focus on safety starts as a sense of responsibility for one's own welfare and extends to that of one's workmates, creating a team spirit that has multiple benefits. Experience has also shown that improved safety practices go hand-in-hand with enhanced productivity. New Gold has made considerable progress in instilling a safety-committed culture at our operations but recognizes the continuing effort needed to achieve our target of zero harm. While our company's all injuries frequency rate declined from 2008, we experienced an increase in lost-time injuries.

Together, we will continue to take responsibility for implementing a safety-committed culture that includes everyone, from corporate office to site employees, suppliers and contractors. We are connected in this common endeavour, which requires each of us to do our part. At the corporate level, we provide leadership with the New Gold Health, Safety, Environment and Sustainability Policy. Just as important, our employees demonstrate personal leadership and commitment to workplace health and safety at the site level, and safety and health teams seek to instill these values that guide employees in everything they do.

In keeping with the principles of the UN Global Compact to which we subscribe, New Gold's policies and programs for promoting the welfare of employees extend beyond safety to embrace good labour practices, education and training, diversity and equity.



MINE RESCUE TRAINING AT NEW AFTON

Health and Safety

At New Gold operations, health and safety managers reinforce the importance of safety in numerous ways, including training programs, safe work procedures, site housekeeping, emergency response drills, training in hazardous material handling, and participation in safety competitions with other mines.

Our Mesquite Mine has developed and implemented safety, health and wellness programs that surpass both regulatory requirements and industry norms. Observation, inspection and auditing systems to ensure compliance and continuing improvement have allowed Mesquite to establish an enviable safety record. At December 31, 2009, Mesquite had completed nearly 500 days without a lost-time injury.

In 2009, CSP continued with the development of its accident prevention activities. Site health and safety requirements are embodied in the mine's Integrated Management Policy, together with the same procedures, rules and regulations that have allowed the operation to remain among the safest mines in Mexico. During 2009, the mine received the "Casco de Plata" safety award from the Mexican Chamber of Mines (CAMIMEX) for the second consecutive year, recognizing it for the best safety performance indicators in an open pit mine operation of its size. At December 31, 2009, employees completed 1,116 days without lost-time or disabling accidents.

Peak initiated a focus on proactive safety measures in 2009, including hazard reporting, safe act observations, corrective action completions, and training audits. Peak maintains a dedicated Health, Safety & Training Department that provides advice, services and support across the operation. Despite five lost-time injuries, an increase of one from the previous year,

the severity rate measured in work-days lost continued to lessen. A strong focus on all safety issues is aimed at improving upon this positive trend.

New Afton continued to build and maintain its dedicated Health, Safety & Training Team to provide advice, services and support across the operation. To complement a safe start-up, many safety initiatives were implemented and the team began formulating the groundwork for the site health and safety programs. These include safe operating procedures, safe work instructions, hazard assessments and the site Health and Safety Manual. Two lost-time injuries resulted from jumps to uneven ground and reinforced the focus on safety awareness and practice.

At Amapari, the Occupational Health and Safety policy promoted safe work practices and sought at all times to exceed national and international occupational safety requirements. Safety actions developed included daily talks on occupational health and safety, in-house accident and disease prevention campaigns and occupational medical exams. In early 2010, we announced an agreement to sell Amapari to Beadell Resources Inc., an Australian miner with interests in Brazil.

Emergency Response

The Mesquite Mine Emergency Rescue Team (MERT) is given specialized training during full-day sessions every month. All members are certified Emergency Responders, with 12 certified Emergency Responder Instructors. The MERT has received additional training in emergency vehicle, first aid equipment, fire fighting and extrication techniques. In addition, the entire workforce has been trained in cardiopulmonary resuscitation and automatic external defibrillation (CPR/AED).

At CSP, emergency response teams engage in a continuous training process. New members continue to be integrated into the teams to ensure that all areas of the operations are covered in an appropriate manner. The teams' competencies include hazardous materials management, hot area (refinery) emergencies, spill management and the handling of personal injuries.

In May 2009, the site's emergency teams participated in the first national meeting of mine rescue brigades, organized by the Mexican Chamber of Mines (CAMIMEX). This event provided an evaluation of the knowledge, skill and ability of the participants and provided the participants with their performance results. The CSP team was recognized for its commitment and knowledge of the principles of search and rescue.

Peak continued to build its emergency response capability during 2009 with 11 team members completing their Mine Emergency Response Certificate 3 training. Among other advanced skills, the program includes rescue team lead, underground search, underground fire control, hazardous atmospheres and breathing equipment use, and vertical and confined space rescue.

At New Afton, with the change from contractor to owner mining, new mine rescue team members were trained and emergency procedures enhanced for the continuation of underground development. The New Afton mine rescue team participated in the BC Provincial mine rescue competition in June and won the prestigious "Best in Obstacle & Recovery" award for an underground team.



ASSAY LABORATORY AT CERRO SAN PEDRO



SAFETY TRAINING AT MESQUITE

Labour Practices

New Gold is a business partner participant in the United Nations Global Compact, effective June 30, 2009, and as such has committed to its principles on human rights, labour standards, the environment and anti-corruption.

Our Whistleblower Policy allows all employees to communicate a concern or complaint without retribution regarding their work and welfare, or broader concerns regarding the environment and community, and to expect a timely response.

An important way to promote a safe, healthy and equitable workplace is to engage a spectrum of employees in decision-making processes. For example, at Cerro San Pedro, the work of the Environmental and Safety Monitoring Committee is integrated with a design team comprised of staff from different areas and with different levels of responsibility. This synergistic approach has proved successful in achieving continuous improvement in safety, health and training.

Similarly, Peak engages employees through a consultation committee nominated by the workforce to review and advise management on key policy changes that affect the workforce.

Another important practice at New Gold's operations is the hiring of local community members, where possible. For example, Amapari's recruitment policy is to employ as many workers from the local community as possible and qualified local inhabitants are given first preference for jobs with the company.

Staff Development

Mesquite Mine retains approximately 240 full-time employees, and utilizes the services of approximately ten contracted employees on a regular basis. Mesquite's equal-opportunity

employment practices are well reflected in its culturally and ethnically diverse workforce. Mesquite's location, in a primarily agricultural region, has necessitated the implementation of varied and comprehensive training programs. These programs, developed both in-house, and by outside vendors, are designed to develop the full potential of the diverse workforce.

At CSP, which has 635 full-time employees and contractors, a team of mine-operations training specialists aligns training programs with the needs of both employees and contractors. These programs include personnel induction, driver training, protective equipment use, industrial safety, hazardous material handling, fire extinguisher use, emergency response teams, and waste handling, among others.

Peak maintained a full-time workforce of 288, including contractors, during 2009. Development of Peak's people includes active participation in biannual Performance Effectiveness Reviews, which involve career development plans, provision of education assistance and succession planning to recognize and promote employees from within our operations. To cater to the specific needs of each department, the Health, Safety & Training Department coordinates all training programs across Peak's operations.

At New Afton, the Safety and Training Team serves all New Afton departments, coordinating all training programs on site. These include site safety and departmental orientations, fall arrest, fire extinguishers, lock out, equipment-specific training, as well as annual refresher training in the Workplace Hazardous Materials Information System (WHMIS) and mine survival. The Joint Occupational Health and Safety Committee also provides training for its members.

Workplace Diversity, Non-discrimination and Equity

New Gold's policy is not to discriminate on the basis of race, religion, ethnicity, national origin, colour, gender, age, sexual orientation, citizenship, veteran's status, marital status or disability. It is also committed to prohibiting harassment (including sexual, physical and verbal). New Gold complements this approach with site-specific policies, including:

- The preferential hiring of persons with special needs at Cerro San Pedro, which has received recognition as an inclusive company from the state government of San Luis Potosi;
- The Joint Participation Agreement between New Afton and the First Nations that will provide support in education, jobs and contracting opportunities, as well as ongoing revenue sharing during active production.

OUR COMMUNITIES



COBAR COMMUNITY NEAR PEAK

"Business start-ups like mine, which provide farm stay holidays and accommodation for miners, are going to be crucial for long-term economic development here in Cobar. Giving people a reason to spend more time in the district and to see it as a tourist destination is an important source of new business for the Cobar region. That's why the work of the Cobar Enterprise Facilitator, who provides us with business assistance and contacts, is so important to our future".

ANITA BURCHER, FOUR CORNERS FARM STAY, NYMAGEE

	2009	2008
Expenditure (%)		
Local	17	22
Regional	47	44
External Complaints	20	16

Our Policy: To demonstrate our commitment to fostering sustainable communities.

At New Gold, we recognize that our success is linked to that of our host communities and we seek to become a full partner in fostering their long-term sustainability.

This essential connection starts with building open communication with local residents and civic leaders that enables us to understand their development plans and economic, educational and healthcare needs. With these priorities in mind, we are able to make meaningful investments in community development that will be sustainable after mining operations cease.

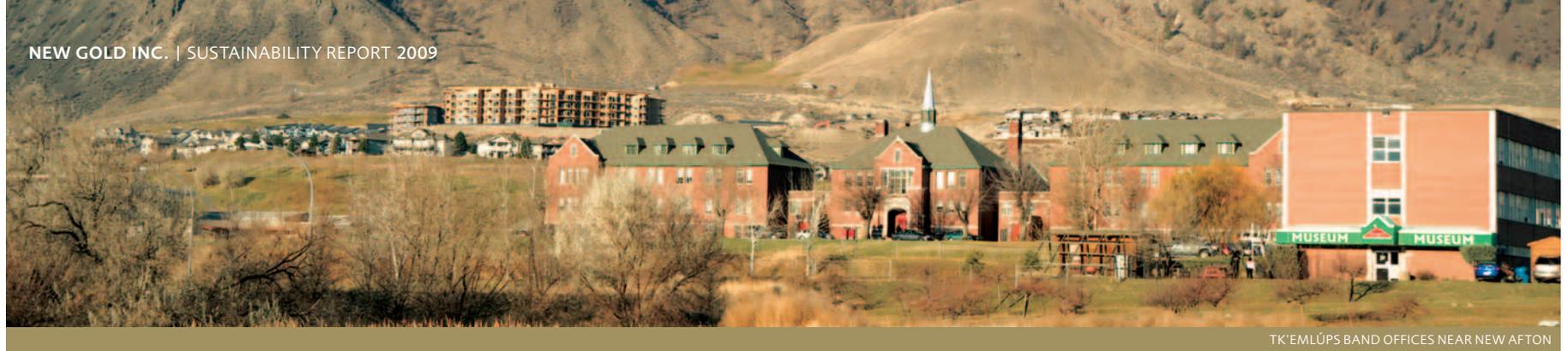
Community Engagement

Effective community engagement is a priority at New Gold operations, which begins at the development stage of new projects, such as New Afton, and continues through the mining life cycle. We proactively sponsor community meetings with local civic leaders and residents to learn their development priorities and identify their concerns, which facilitates resolution to any existing or potential disputes.

Our Mesquite Mine is proud to be an active member of the Desert Southwest Communities and has a Community Outreach Plan to promote engagement and communication. Over the last year, staff continued to participate and be proactive in several community organizations, including the Yuma Boys & Girls Club, the Brawley Chamber of Commerce, Brawley and El Centro Chambers Governmental Affairs Committee, the Veteran Affairs Committee, and the advisory boards of both the Arizona Western College and Imperial Valley College of Applied Sciences.

Mesquite demonstrates an open-door policy to encourage and facilitate communication with local communities. In 2009, it provided several tours for elected officials, Federal and State regulators, as well as regional mining and mineral enthusiast groups and community-based organizations. In December 2009, Mesquite held its first Employee and Family Day Open House.

During 2009, CSP continued to maintain a direct and close relationship with the inhabitants of the village of Cerro de San Pedro and the other nine communities that make up the municipality, as well as the *ejido* communal landholders where the mine is situated. Through a variety of meetings and events, CSP maintained continuous communications with residents to hear their views and respond to any concerns about the company.



TK'EMLÚPS BAND OFFICES NEAR NEW AFTON

CSP worked diligently through 2009 and by early in 2010 had achieved its accreditation by the non-profit Mexican Centre for Philanthropy (CEMEFI) as a Socially Responsible Company. This important recognition is achieved by meeting specified criteria in four principal areas of corporate social responsibility:

- Life quality in the workplace (health and safety, training, diversity, work and family balance, human resources management);
- Links with the community (CSR dissemination, civic responsibility, social investment, social balance);
- Care and preservation of the environment (policy, investment, training, communications, resources management, transport, impact mitigation); and
- Business ethics (human rights and dignity, corporate governance, stakeholder engagement, ethical commitment, fairness and inclusiveness, transparency, strategic alignment, combat of corruption, responsible publicity and communication).

Peak is committed to active engagement with the Cobar community in discussions regarding the operation's progress and plans for the future. Its annual community meeting held in April 2009 was well attended by about 40 people representing a diversity of local businesses, government, community organizations and individuals. Participants discussed issues relating to activities at Peak and the feedback was very encouraging. This event was followed in October with an "Open Day," when employees were on hand to answer any questions from the 300 visitors to the mine.

Peak is very proud of its community service and its leadership in the community of Cobar. In 2009, its employees continued to be active in the various boards, committees, associations and emergency services whose role is to improve the quality of life in Cobar.

While still in the development stage, New Afton has already initiated efforts to build positive relationships with neighbouring communities. The aim is to provide for open feedback and communication, and to look for the partnering opportunities that may result. To this end, there have been visits and forums provided to various groups, including First Nations groups and the Kamloops Chamber of Commerce.

Indigenous Communities

When there are indigenous communities in the region of our operations, we endeavour to understand, and demonstrate respect for, their traditional values, customs and culture. We also take action to meet their development priorities through partnership agreements aimed at creating jobs, training and lasting socio-economic benefits.

Mesquite is reaching out to better understand the development goals of the neighbouring Desert Cahuilla, Chemehuevi, Cocopah, Kumeyaay, and Quechan people. Mesquite's objective is to identify opportunities of mutual interest. These may include workforce development and assistance with the economic and educational needs of the tribal-based school districts, as well as other school districts in the area.

During 2009, Peak continued to support the Job Compact signed in 2008 by industry, government and aboriginal community representatives. This is intended to increase the number of

indigenous employees represented in the mining industry. As part of the program, Peak has developed a new seedling nursery that has created employment opportunities.

New Afton continued to work with First Nations to build upon the Participation Agreement that was signed in 2008. The Agreement's Joint Implementation Committee met on a regular basis to discuss ongoing opportunities to improve our partnership with the Tk'emlúps and Skeetchestn Bands. Some contracting opportunities arose during 2009 and other opportunities are expected in the future.

New Afton supported three local First Nations students with post-secondary education scholarships. On a wider scale, New Afton is a member of the British Columbia Aboriginal Mine Training Association, a consortium of mining companies, First Nations groups and educational institutions that has made a commitment to create 130 jobs over a three-year period for First Nations people.

Community Development

Working with its communities and other stakeholders, New Gold seeks opportunities to foster local entrepreneurship that can promote diversified and sustainable economic prosperity in the communities that surround our operations.

While only in its second year of full production, the Mesquite Mine provides much-needed regional economic stimulus through taxes and employment. The mine has approximately 240 full-time employees and uses the services of about ten contracted employees on a regular basis. Total payroll expenditures in 2009 were about US\$14.5 million.



PEAK, COBAR PONY CLUB MEMBERS



SPEED SKATING CLUB SPONSORED BY NEW AFTON



KAMLOOPS FIRE RESCUE TEAM SPONSORED BY NEW AFTON

Mesquite is located in California's Imperial Valley, an area with a population of about 180,000 people, 72 percent of whom have Hispanic roots. While agriculture is the major economic driver for the county, a significant push for economic development is underway. Mesquite staff participate in the region's economic welfare through representation in such organizations as Imperial Valley's Small Business Development Center, the Imperial Valley's Economic Development Corporation, and the State of California's Employer Advisory Council.

CSP invests directly in community development through an annual donation to the Municipality of Cerro de San Pedro. In 2009, CSP donated 100 ounces of gold and 5,000 ounces of silver (approximately US\$130,000 or 15 percent of the municipal budget). This contribution is used for the development of the current Municipal Development Plan, and triggers, in turn, receipt of federal and state funds by the Municipality. CSP employee payroll expenditures in 2009 were about US\$6.5 million.

The operation contributed approximately US\$430,000 to social responsibility programs in 2009. The mine channels support for community development programs through the Foundation for Preservation of the Village of Cerro de San Pedro AC, which administers the funds to meet the area's most pressing needs and finance small and promising businesses. Funding programs of the Foundation in 2009 included:

- Free transportation for the school children living in remote communities to allow them to attend school. Computer equipment and a satellite connection were provided and presently, four fully functional media classrooms have been provided for the benefit of more than 600 students.

- In coordination with the Municipal Government, paving of the main access road to Cerro de San Pedro as well as other roads was completed in 2009. Work to rehabilitate the historic St. Peter the Apostle Church was also initiated in the town of Cerro de San Pedro.
- Free medical consultations were provided in ten communities including Cerro de San Pedro. Two doctors regularly visited the communities and also gave talks on disease prevention and family planning. In total, some 1,200 consultations were provided.
- Other activities supported by the CSP mine through the Foundation included sponsoring artists' exhibitions, theatrical productions, fiestas and recreational events, all to promote local culture and traditions.

Peak recognizes the importance of ensuring the town of Cobar continues as a sustainable community when mining ultimately ceases in the area. Peak believes that while mining will ensure prosperity in the short to medium term, it is the responsibility of all the major stakeholders in Cobar to establish the necessary culture and infrastructure to ensure the long-term viability of the town.

The operation endeavours to use local suppliers and contractors for goods and services wherever possible. During 2009, Peak's total operating expenditure was US\$106.7 million, including salaries of US\$32.4 million and royalties of US\$4.4 million.

Peak was a finalist for the New South Wales Minerals Council Community and Sustainability Awards for the introduction of Enterprise Facilitation to the town of Cobar. The operation now provides support to Cobar Enterprise Facilitation Inc.,

which seeks to create sustainable communities by assisting individuals with entrepreneurial aspirations to achieve their goals. In 2009, it helped to establish four new businesses and assisted two others.

New Afton endeavours to use local suppliers and contractors for goods and services wherever possible. During 2009, New Afton's total capitalized operating expenditure was US\$56.5 million, including salaries of US\$10.1 million. The majority of this was spent within British Columbia. As well, New Afton provided over US\$40,000 in funding for various sporting, health and community groups.

Amapari has built and solidified a strong relationship with the communities of Serra do Navio and Pedra Branca through supporting local projects that promote self-sustainable socio-economic growth. During 2009, Amapari continued to provide community development funds as well as financial and administrative assistance to support over 200 families involved in micro-enterprise and cooperative initiatives. These include a bakery, fish farm, poultry farms, cassava and açai palm plantations and processing mills. Amapari has also supported the Social Fund to sponsor government initiatives to improve the local infrastructure of both communities. These various community development expenditures totalled US\$420,000 in 2009.





PEAK, COBAR HERITAGE CENTRE



STUDENT TOUR CERRO DE SAN PEDRO

Dispute Resolution

New Gold recognizes that a fundamental requirement for operating in harmony with our host communities is the identification and equitable resolution of disputes. Open dialogue and interactive engagement are fundamental to respectful relationships with our neighbours, and allow us to earn and keep the social license to operate.

At Mesquite, every effort is made to resolve a complaint to a mutually-beneficial outcome or to ensure that the complainant is satisfied with the result of the corresponding investigation. A total of three external complaints were received during 2009. These complaints were dust related, and were due to our close proximity to a state highway. Procedures have been reviewed and measures have been taken to ensure an acceptable high standard of dust management.

At CSP, a program of continuous engagement has been in place since the development of the mine and a community relations department is established for this purpose. An independent review of this program was completed in November 2009. Recommendations were made to improve the effectiveness of this program and an action plan is currently being developed to achieve this.

While CSP enjoys the overwhelming support of local community members, opposition to the mining operation by a group of mainly non-resident individuals became a judicial matter in 2009. New Gold continues to work diligently with local and federal groups in an effort to establish a long-term solution that allows the company to continuously operate the mine. New Gold's management believes the mine has been operating in full compliance with required permits and government authorizations. (Details are available at www.newgold.com.)

Peak acts proactively to prevent small issues from becoming larger issues. Every effort is made to achieve a mutually-acceptable outcome with a complainant. Complaints are received via the Complaints Hotline, which is advertised in the local newspaper and operated on a 24-hour basis. Peak received 17 complaints from a nearby resident concerning vibration, noise and dust during 2009. In response to the complaints, additional vibration monitoring was set up and dust-suppression compound is being regularly applied at its New Cobar operation.

New Afton received no complaints regarding operations during 2009. New Afton seeks to maintain open dialogue with neighbours, First Nations bands and other interested parties in the area to allow concerns to be aired in a constructive way.

A settler community residing downstream of the Amapari mine and another iron ore mine has pursued a legal complaint against the two mine operators. This has been joined by a public civil action initiated by the Amapá state prosecutor. Amapari defended itself with its demonstrable record of environmental compliance with no adverse impact upon this community.

OUR ENVIRONMENT



KOOKABURRAS NEAR PEAK

"Safeguarding of the environment and particularly water is an important aspect of our Participation Agreement with New Afton. Along with our part in the licensing process, we have provided input into the rigorous monitoring regime that New Afton has undertaken. We have adopted an advisory role with New Afton as we work together toward common environmental goals."

JOHN JULES, DIRECTOR OF OPERATIONS FOR THE STK'EMLUPSEMC TE SECWEPEMC NATION

Our Policy: To prevent pollution; minimize impact mining operations may have on the environment; and practice the progressive rehabilitation of areas impacted by our activities.

At New Gold, our operations share a commitment to good environmental stewardship that connects us in a common cause with our host communities and other stakeholders. Our approach is to apply best practices in environmental management at every stage of the mining life cycle, from before operations begin until after mining activities are complete. Our sites monitor performance to ensure that we minimize our impact on the environment and restore land to a productive state similar to that existing prior to mining activities. From the earliest stage of project investigation, we carry out environmental studies that establish baselines for flora and fauna, land, air, and water. These guide our environmental protection measures and rehabilitation activities. We take into account the concerns of our stakeholders and ensure that our activities give them appropriate priority.

Placing a priority on the environment also entails minimizing our energy consumption. We are increasingly cognizant of the need to maximize our energy efficiency and to reduce our carbon footprint. Similarly, we are committed to reducing our material consumption through efficient use, reuse and recycling practices.



RED FOX AT NEW AFTON

Regulatory Compliance

REPORTABLE INCIDENTS:	2009	2008
	2	2

At New Gold, we take a proactive risk-management approach to safeguarding the environment, with high international and national standards as our guide. We work together with the relevant agencies of government as we plan our activities in order to meet or exceed their requirements. Our commitment is to report incidents promptly, should they occur, and take remedial measures to prevent or minimize any impact on the environment. During 2009, all New Gold sites operated in compliance with environmental permits and regulations.

Relevant authorities were notified of two incidents:

- (i) At New Afton, where environmental permitting is proceeding, site personnel discovered, then moved quickly to remediate, a small leak of oil from a redundant transformer left near a pump booster station by previous owners. After discovery of the leak, crews removed the transformer, associated infrastructure and contaminated soil from the site and transferred them to an approved waste facility for treatment. Samples taken from the removal site confirmed there was no PCB oil contamination and that the site had been completely rehabilitated.
- (ii) At Mesquite, five sparrows died in a single incident. Mesquite reported these mortalities to the Bureau of Land Management as required by permit stipulations. Training programs and operating procedures have been modified to prevent such occurrences in the future.

We approach our monitoring programs proactively to ensure the quality of air, soil and water in the vicinity of our operations, and to identify and protect native wildlife and plant species.

Water

WATER CONSUMPTION	2009	2008
Process (m ³)	2,045,615	1,321,583

At all of New Gold's operations, priority is placed on responsible water use and resource management. This is achieved through such measures as efficient use, recycling, treatment and conservation.

In 2009, water consumption increased with Mesquite's integration as a New Gold operation. Water is primarily consumed at our operations for dust control, particularly near mine haul roads, and to replace evaporative loss during mineral processing. Additional water is used for drinking and other daily activities at the sites. Rigorous efforts are underway at all New Gold's operations to reduce water consumption through more efficient practices and recycling.

Mesquite keeps evaporative losses in the process stage to a minimum through careful monitoring of solution application rates and constant recycling of process solutions. Mesquite recycled more than 19.8 million cubic metres of process solution in 2009, representing more than 85 percent of its water demand. Approximately 70 percent of the ground water extracted by Mesquite is used for dust control. In the area's arid environment, routine water application is necessary to adequately control dust. Mesquite balances this objective with the need to conserve water as a precious resource by applying dust control palliatives on a quarterly basis.

Cerro San Pedro continues to research opportunities to reduce the water volume withdrawn from the aquifer. The pond normally used for leach solution storage and surge capacity was adapted to capture rainwater runoff. During 2009, some 8,000 cubic metres were collected.

At CSP, the process operates as a closed circuit without discharge. Domestic wastewater is presently transported to an authorized firm. Meanwhile, testing is being completed for a site treatment plant for sanitary wastewater that would supply treated water to be used for nursery and green area irrigation. With its implementation, CSP will be able to reuse 100 percent of the water recovered.

At Peak, water supply restrictions associated with a regional drought were lifted in early 2008. However, water recycling and conservation measures have continued. All mine water is recycled at Peak and at its New Cobar operation. The only losses from the recycled water circuit are from evaporation or entrainment within the tailings deposit.

In 2009, raw water demand rose about one percent as dewatering activities associated with the Chesney mine development declined, reducing the amount of water available for process purposes.

In a semi-arid climate such as at New Afton, it is essential that water is managed appropriately and conserved wherever possible. New Afton adopts a policy of recycling water for any activities that do not require fresh lake water. The water management plan at New Afton ensures that the drawing of water from Kamloops Lake is minimized and precludes a water discharge from the site.

At Amapari, fresh water demand was limited to 7,200 cubic metres drawn from Tapereba Creek for potable use at the accommodation camp and offices. There was no fresh water requirement for the processing circuit due to the sufficient availability of rainwater from heavy precipitation and the processing plant shutdown from April 2009.



NEAR PEAK



RAVEN AT NEW AFTON



IGUANA NEAR MESQUITE

Monitoring water quality is another important feature of our environmental practices. Monitoring programs are designed to measure the quality of surface and ground water, on and off-site, and to provide an alert should this quality vary from the norm. Water monitoring results at New Gold's operations have remained consistent with baseline quality.

Improving Energy Efficiency and Reducing Our Carbon Footprint

DIRECT ENERGY	2009	2008
Diesel Consumption (000s litres)	32,989	21,279
Gasoline Consumption (000s litres)	215	211
INDIRECT ENERGY		
Power Purchased (MWh):	107,241	108,313
GREENHOUSE GAS EMISSIONS		
Diesel (as tonnes of CO ₂)	83,021	57,057
Gasoline (as tonnes of CO ₂)	497	480
Power (as tonnes of CO ₂)	71,922	55,818

New Gold believes more efficient energy use links good environmental stewardship with sound business sense. Improving the energy efficiency of our operations benefits the environment and brings inherent cost advantages.

New Gold also recognizes that its activities result in the emission of greenhouse gases (GHGs). They are released, for example, from the mobile equipment required for mine operations. Another principal, although indirect, source is the generation of electric energy by thermal plants that supply some of our operations with purchased power. Our objective

is to improve our measurement capabilities and database for these and other sources of GHGs, with a view to identifying viable energy alternatives and offsets that can enable a reduction in our carbon footprint. During 2009, our energy consumption and GHG emissions were influenced by Mesquite's integration as a New Gold operation and the suspension of Amapari operations.

Our sites took major initiatives in 2009 to increase energy efficiency and to enhance their ability to measure and reduce GHGs. For its part, Mesquite underwent a comprehensive audit of its energy consumption, which also included a qualitative calculation of its GHG emissions. This audit also identified opportunities for innovative energy-saving projects.

At CSP, a solar cell-powered lamp replacement program was initiated in the leaching area that will continue to expand to include other process areas, the office area and the water treatment plant. Other energy saving alternatives are being investigated in collaboration with local researchers and will include an experimental wind generation system.

In 2009, Peak adopted a Climate Change and Energy Policy that will guide its decision making on the issues of greenhouse gas emissions and energy use. Peak operations already have a strong track record in both areas. During 2009, Peak achieved lower unit energy costs per tonne of milled ore than in 2008. Peak also implemented an Energy Savings Action Plan across site, and reported greenhouse gas emissions under the National Greenhouse Energy Reporting Scheme.

New Afton is taking a forward-looking approach to minimizing GHG emissions while the site is still in development. Equipment-procurement decisions are being made with energy efficiency and emission levels in mind. In addition,

New Afton joined the Powersmart Program run by BC Hydro. This program seeks to identify areas where energy savings improvements can be made within the business.

Other Air Emissions

To ensure air quality, New Gold operations maintain air-monitoring stations, which monitor dust levels and their composition.

Mesquite, for example, carries out dust monitoring on a monthly basis and reports the results on a quarterly basis. Dust monitoring during 2009 demonstrated that its operations were within the accepted permit limits. Despite its best efforts, Mesquite received three complaints related to dust generation.

At CSP, monitoring conducted in 2009 showed that the air quality conditions in the mine area were consistent with historical observations. Elevated values recorded in the first quarter of the year were associated with adverse dry weather conditions.

During 2009, Peak commenced monthly dust monitoring to improve its database and the understanding of seasonal dust patterns on and around the mine site. This exceeds the license requirement for quarterly monitoring. Peak also commenced routine use of a natural dust suppressant, magnesium chloride, for more effective dust control and water conservation. Peak received one complaint relating to dust generation from its New Cobar operation during 2009.

At New Afton, monitoring was conducted to establish its pre-operational database by which the effects of the future operation can be demonstrated by ongoing monitoring of air quality parameters. During 2009, dust generation by mine traffic was identified as an area that required improvement and a water truck was purchased for use in areas of high dust risk.

Waste Management

PROCESS WASTE	2009	2008
Waste Rock (000s tonnes)	40,408	14,517
Leach Piles – to reclaim (tonnes)	0	0
Tailings (000s tonnes)	794	769
NON-PROCESS WASTE RECYCLED	2009	2008
Paper, Plastic, Metals (tonnes)	686.7	483
Oil & Lubricants (000s litres)	563.1	245.8

Mining and mineral extraction generates process waste. At New Gold operations, the mine operations generate waste rock that must be removed in order to extract the ore for processing. Process waste consists of either the broken rock piles after leach extraction has ended or, in the case of Peak, the tailings after mineral concentrate has been obtained. Closure planning commences with the design process to ensure that the physical and chemical stability of these deposits is addressed to facilitate their sustainable rehabilitation after operations terminate.

Recycling of non-process waste is an essential part of good environmental management at all New Gold's sites. Typically, recycled materials include scrap metal, used oil, plastics, aluminum, cardboard, batteries, as well as wastewater.

During 2009, Mesquite initiated a Waste Management Plan that will be finalized during 2010. The site recycles scrap metal, as well as calibration check gas cylinders, toner cartridges and batteries. Other recycled items include antifreeze, used oil, and drained oil filters.

At CSP, hazardous waste such as used oil and oil-impregnated solids (rags, trash, filters, soil) are placed in temporary storage for hazardous industrial waste that is properly packaged and labelled according to Mexican regulations. An approved firm collects the waste once a week, and is responsible for sending it to treatment and recycling as appropriate. CSP also recycled plastic, polyethylene, cardboard, aluminum and metal scrap during the year in significant quantities. The site achieved a 50 percent reduction in municipal solid waste generation compared to the 2007-2008 period.

Peak undertook further recycling initiatives in 2009. In conjunction with another mine, Peak contracted a local firm to supply bins and a recycling service. Early results have been very satisfying, with nearly 4.5 tonnes of waste, representing over 25 percent of Peak's total waste, being diverted from landfill in just three months. Peak also recycled its scrap steel during the year and continued its practice of donating aluminum cans to a community centre.

New Afton is committed to recycling waste where possible to reduce landfill, GHG generation and resource exploitation. During 2009, office paper, cardboard, aluminum, plastics and batteries were separated from general waste streams and recycled at a local service provider. One of the targets for 2010 is the expansion of current recycling practices to the wider site.

At Amapari during 2009, efforts were directed toward housekeeping activities and recycling metal scrap and used oil products.



KANGAROO NEAR PEAK



NURSERY AT CERRO SAN PEDRO



OUR ENVIRONMENT (continued)

SUNRISE AT NEW AFTON

Cyanide Management

While cyanide has inherent toxic properties, its safe transport, handling, use and destruction are well understood and manageable. New Gold mine operations use cyanide as part of the process of extracting gold from ore using strictly controlled procedures for the safety of personnel and the environment alike. The International Cyanide Management Code (ICMC) provides an excellent international reference standard for transporting, storing and using cyanide. The ICMC is renowned as the international benchmark for cyanide management. For more information go to www.cyanidecode.org/cyanide_use.php.

New Gold operations, while not yet official signatories to the ICMC, have adopted its principles and procedures as the litmus test for excellence in cyanide management. During 2009, Peak and Cerro San Pedro undertook gap analyses to determine the tasks required to achieve ICMC certification. A similar review is planned at Mesquite in 2010.

WILDLIFE MORTALITIES FROM CYANIDE EXPOSURE	2009	2008
Birds (non-endangered species)	5	3
Mammals (non-endangered species)	0	4
Amphibians (non-endangered species)	0	8

Biodiversity

Environmental stewardship means environmental conservation on those lands that remain undisturbed at New Gold sites. Where lands have been disturbed, restoration practices can be applied to create a habitat conducive to natural biodiversity.

Mesquite is sensitive to the flora and fauna of its desert environment. Local flora includes a native species called Fairy

Duster which is considered sensitive and is protected under the California Native Plant Protection Act. Within the active operating areas, it is salvaged and transplanted into reclaimed areas.

Local fauna includes the desert tortoise which is a federally-listed threatened and endangered species. The entire property is protected by specially designed tortoise fencing. Since 1985, approximately 108 tortoises have been relocated from the mine site. Surveys are conducted prior to new disturbance of additional areas. However, since 2007, no more tortoises have been encountered within the fenced project area.

As part of the biodiversity programs at CSP, the native flora and fauna are monitored to verify, among other parameters, the survival of transplanted plants, the relocation of slow-moving animal species, plant production and reforestation, and the potential effects of change of land use due to the mine's activities. During the operating period to date, 90 percent of all rescued plants have survived.

Peak has established a Land Management Plan that incorporates weed control, erosion control, bushfire prevention and management of feral animals. As part of the Land Management Plan, Peak has carried out flora and fauna surveys in an effort to confirm the presence or absence of significant species. During 2009, Peak undertook an integrated pest control program. This included weed control for biodiversity and control of feral animal habitats.

New Afton has undertaken various baseline surveys to ensure that the area is able to maintain the existing level of species richness throughout all stages of development, mining and eventual closure. An initial Environmental Assessment during

baseline fauna studies found no threatened or vulnerable plant species in the project area. Similarly, during baseline fauna surveys, only two at-risk species were found – the Western Toad and the Great Basin Spadefoot. New Afton has obtained all approvals for relocation and removal of these animals from areas that may put these animals at risk. To encourage wildlife back into areas that have been degraded by previous mining disturbance, bird and bat habitats have been established.

Amapari provided funding, in 2009, to the Amapá Environmental State Agency (SEMA) to be applied in new conservation units in the surrounding areas of Serra do Navio and Pedra Branca communities.



CACTUS GARDEN NEAR CERRO SAN PEDRO



LANDSCAPE NEAR CERRO SAN PEDRO



FROG NEAR PEAK

Reclamation

HABITAT RESTORED (HECTARES)	2009	2008
	93.2	112.7

At all our operations, forward planning anticipates the inevitable closure of operations. Reclamation of disturbed areas begins even as operations continue elsewhere on site. The aim is to return the land used during mining to a productive state similar to that existing prior to mining.

At Mesquite, due to an active mining footprint, very little disturbed area was restored during 2009. As areas of the mine become inactive, Mesquite plans to actively re-slope and re-contour them to improve the visual aesthetics of the operation. During 2009, Mesquite continued to monitor the success of earlier rehabilitation of the waste rock dumps. Mesquite also undertook a review of its closure plan and associated costs. The plan and costs will continue to be reviewed as they progress from the conceptual phase to a more detailed and definitive strategy, to maintain compliance with the three reclamation and conditional use permits, which incorporate weed control, erosion control, and revegetation.

At CSP, recovery of topsoil for restoration activities totalled 39,167 cubic metres to yield a cumulative total of 350,193 cubic metres. In 2009, the nursery cultivated 77,000 plants and reforested 5.4 hectares of land.

At Peak, four hectares of disturbed area were rehabilitated. As well, rehabilitation of the tailings dam is underway to determine the most efficient and sustainable cover system to be employed. Work during 2009 included planting deep-rooted native perennial plants to form the cover system.

Amapari is very careful in minimizing environmental impacts in the Amazon Forest. As part of its reclamation program, in 2009, 77.7 hectares of disturbed land were revegetated with hydro seeding on mine slopes, final mine pits, waste dump deposits and along the margins of mine access and main roads. In the nursery, 10,713 seedlings of native trees were produced for the rehabilitation program and 5,011 were planted. A portion of the seedlings was donated to the community.

As responsible mining operators, several of New Gold's sites, including Peak and New Afton, are also undertaking the assessment and rehabilitation of land disturbed by historic mining in their project areas. As well, at Cerro San Pedro, baseline surveys of soil and sediment samples prior to mining activities established the presence of heavy metals as a result of historic mining activities. CSP's Environmental Management System is designed to differentiate between the existing baseline conditions and any that could result from the activities of the current mining operation.

OUR FUTURE



EXPLORATION DRILL CORE AT PEAK

Our Policy: New Gold will report openly to its stakeholders on its progress in achieving its Health, Safety, Environment and Sustainability Policy objectives.

With this second annual sustainability report, New Gold has demonstrated once again its commitment to reporting openly on its HSES performance. We view transparency as the prerequisite for maintaining trust with our various stakeholders and as an essential component of our reputation as a good corporate citizen. In the table below, we have set out our performance objectives and our near-term targets to achieve them. In future reports, we intend to document our success in meeting these targets and in surmounting the challenges that we foresee. Our targets will naturally evolve, based upon our experience and feedback from stakeholders.

We are cognizant of the many emerging issues that must be taken into account, including the increasing expectations of communities and regulatory authorities with respect to local employment, health and safety and environmental protection.

We are also dedicated to continuing to conform with increasingly robust international standards for responsible corporate behaviour, as exemplified by our membership in the United Nations Global Compact, which commits us to aligning our operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

Measuring Our Progress

CORPORATE STRATEGY	OUR TARGET 2009	OUR PERFORMANCE 2009	OUR TARGET 2010
Economic	Build the company through external and organic growth.	Business merger with Western Goldfields Inc., added Mesquite Mine to our portfolio of assets.	Responsible organic growth with the potential for acquisitions that are accretive to shareholder value.
Policy	Adopt and implement HSES Policy.	Adopted March 2009.	Demonstrable progress in implementation.
Metrics	Adopt Global Reporting Initiative (GRI) key performance indicators at all operations.	Partially achieved with all sites reporting ten or more performance indicators.	To report on 20 or more GRI performance indicators.
Standards & Guidelines	Systematically identify and adopt appropriate international benchmark guidelines and standards.	Partially achieved. UN Global Compact principles adopted. Gap analysis with International Cyanide Management Code in progress at sites.	Continued commitment to the principles of the UN Global Compact. Progressive adoption of international guidelines such as the International Cyanide Management Code.
OUR PEOPLE	OUR TARGET 2009	OUR PERFORMANCE 2009	OUR TARGET 2010
Health & Safety	Strive for zero harm. Adopt health and safety management standards.	Zero harm not achieved. Health and safety management standards recommended for adoption at all sites.	Strive for zero harm. Implement health and safety management standards at all sites.
Employment	Attract, develop and retain a highly qualified workforce.	Progressive employment policy and development programs in place.	Continuing commitment to be a recognized employer of choice in all regions.
Teamwork	Achieve a high-performance culture.	Team-building programs achieved improved productivity and safety performance.	Continuing commitment to training and feedback to reinforce teamwork, safety and productivity.

OUR COMMUNITIES	OUR TARGET 2009	OUR PERFORMANCE 2009	OUR TARGET 2010
Economic Diversification	Promote local prosperity and entrepreneurship.	Partially achieved. Enterprise Facilitation at Cobar, New South Wales demonstrated success.	Expand upon Enterprise Facilitation and local entrepreneurship initiatives.
Engagement	Transparent and proactive communication with all stakeholders.	Assessed engagement practices with commitment to continuing improvement.	Continue to assess programs and to implement improvement opportunities.
Complaints	Implement appropriate procedures to address concerns of the local communities.	Partially achieved to address local culture and needs. Further improvements identified.	Work with local communities to improve systems' effectiveness.
OUR ENVIRONMENT	OUR TARGET 2009	OUR PERFORMANCE 2009	OUR TARGET 2010
Incidents	Establish incident reduction targets and enhance emergency response capability.	Partially achieved with enhanced training and emergency response capability.	Ongoing environmental awareness and emergency response training.
Water	Improve management systems to yield measurable water savings.	Water conservation achieved with enhanced dust control methods, water treatment and recycling.	Continuing commitment to water efficiency investigation and conservation practices.
Energy	Improve management systems to yield measurable energy savings.	Partially achieved with energy efficiency audits in progress at all operations.	Continuing energy efficiency assessment and implementation of conservation initiatives.
Greenhouse Gases	Establish a carbon management strategy.	Partially achieved with site policy development in progress.	Encourage innovative carbon reduction strategies and research at all sites.
Waste Management	Maximize our raw resource efficiency through reduction, recycling and reuse (3Rs).	Significant recycling gains made and 3Rs awareness building for further improvement.	Strive for 100% recycling for recyclable waste streams.
Reclamation	Restore all disturbed work areas to a high standard, consistent with the surrounding environment.	In progress with 93.2 hectares restored.	Continue progressive reclamation where disturbed land becomes available.

OUR COMPANY

About Us

New Gold Inc. is an intermediate gold producer with a complementary portfolio of global assets in the United States, Mexico, Australia, Canada, Brazil and Chile.

New Gold will focus on the following objectives to achieve its growth strategy:

- Delivering on operational targets (safety, cost, production, environment, and social responsibility);
- Maintaining a strong financial position;
- Internal growth through project development and continuous improvement of our existing operations; and
- External growth through additional value enhancing merger and acquisition opportunities.

New Gold is working toward maximizing shareholder value through diversified production, maintaining a reduced risk profile and enhancing growth potential. The board of directors, management and the employees of New Gold Inc. are committed to achieving this in a socially responsible and sustainable manner.

Awards and Recognition

- Mesquite mine recognized with a respected American Red Cross "Real Heroes" Award for its safety training initiatives.
- Cerro San Pedro in Mexico received the "Casco de Plata" safety award of the Mexican Chamber of Mines for the second consecutive year for the best safety performance in an open pit mine operation of its size.
- The New Afton mine rescue team won the prestigious "Best in Obstacle & Recovery" award at the BC Provincial mine rescue competition.
- Peak recognized as a NSW Minerals Council Community and Sustainability Awards finalist for its local introduction of Enterprise Facilitation.

Our Memberships and Supported Initiatives



Environmental Benefits Statement

By using paper made from 100% post-consumer recycled content, the following resources have been saved.

trees	water	energy	solid waste	greenhouse gases
10	17,554	3	127	434
fully grown	litres	million BTU	kilograms	kilograms

Environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information visit: <http://papercalculator.org>.

This report was printed by the first carbon neutral printing company in Canada.

We have been guided by the Global Reporting Initiative G3 Guidelines in the preparation of this report. A reference table to locate the GRI Standard Disclosures accompanies the report that can be found on our website.

newgold

a clear direction

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