

newgold

Growing New Gold Responsibly

2013 Sustainability Report Summary



About New Gold

We are an intermediate gold mining company with assets on three continents, with four producing mines – the New Afton Mine, the Mesquite Mine, the Peak Mines and the Cerro San Pedro Mine – and three significant developments – the Rainy River project, Blackwater project and El Morro project. The Rainy River project is a newly acquired asset, purchased in the second half of 2013.

Everywhere we operate, we are a significant participant in, and a major economic contributor to, local communities. We understand that our long-term success depends on our ability to earn, and maintain, the trust of our host communities and regions – a trust that comes from our demonstrated respect for local culture, care and concern for the environment, and support for the long-term economic well-being of local communities.

We are committed to contributing to sustainable development wherever we operate by acting ethically and with integrity, and by acting responsibly with respect to the impacts of our decisions and actions on communities and the environment. We consistently apply this approach through the mine life cycle, from early exploration, development and operation, to decommissioning and mine closure.

ABOUT THIS REPORT

This is a summary version of our full-length Sustainability Report, which is available online at www.newgold.com. For additional detail on any category of information or our stories, please refer to the online version, which is written to GRI G3.1 Level B.

This report includes the assets illustrated in the map of our properties, with the exception of the El Morro project, which is managed by our partner Goldcorp Inc. Tables and figures are a compilation of information from across all sites except when noted. Given its recent acquisition, only financial, human resources and health and safety information on the Rainy River project are included in this report.

All currency is in United States dollars (US\$) unless otherwise noted. Figures have not been externally audited.

CONFLICT-FREE GOLD STANDARD

New Gold complies with the [World Gold Council's](#) Conflict-Free Gold Standard. We were provided with a statement of assurance from an external auditor that confirms we have the processes in place to ensure our operations produce gold in a way that does not cause, support or benefit unlawful conflict, or contribute to serious human rights abuses or breaches of international law. The statement of assurance is available on our website.



Message from the President and CEO

I am pleased to present New Gold's sixth annual Sustainability Report, which I hope again demonstrates our responsibility to our many communities of interest in every country where we operate.

New Gold made remarkable progress in 2013, despite the serious challenges that beset our industry. No matter what economic factors face us, we understand that we will always be measured by our actions. We are responsible for protecting our people and our environment, and for supporting the social and economic welfare of our host communities.

We remain committed to the United Nations Global Compact's principles on human rights, labour standards, the environment and anti-corruption.

OUR PEOPLE

Our people are our greatest asset and the core of our success. In 2013, the safety performance at our operations was exemplary. I believe that this was due to the company-wide implementation of our Health and Safety Management System. The system is based on training and design initiatives that focus on accident prevention, rather than the common focus on analyzing incidents after they occur. Our Lost-Time Injury Frequency Rate was approximately 90% lower than the mining industry averages in the jurisdictions where we operate.

The values-based leadership training program that we initiated in 2012 was designed to develop principled leaders and decision-makers at various supervisory and management levels. This year, it is being expanded to target the training of future leaders and potential successors for management positions, so that the Company is agile and prepared for change.

OUR COMMUNITIES

This year's major achievement was the development of Community Engagement and Development Management Standards, which clearly define the requirements for community outreach and community development. As of the end of the year, our operations were more than halfway into the implementation of the new standards' components. I expect it will be fully implemented in 2014.

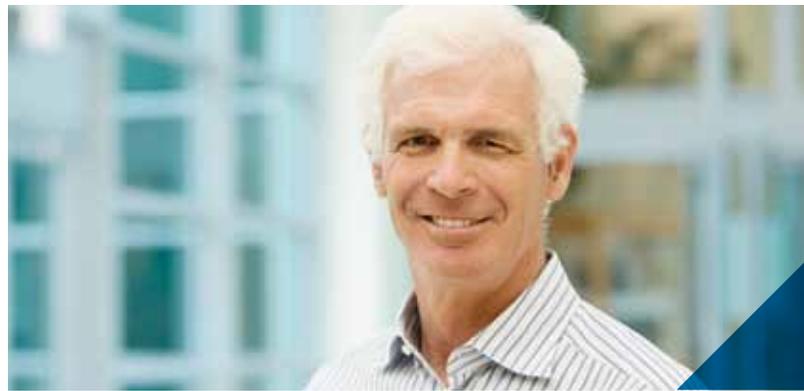
Last year was the New Afton Mine's first full year in operation, thanks in part to our Participation Agreement with the Tk'emlúps and Skeetchestn Bands. In addition to direct royalty payments received from New Gold, the bands received their first royalties from the BC government (representing a portion of the mining taxes that we pay to the province). Currently, we are working on continuing to expand on the scope and the scale of opportunities for local First Nations businesses at New Afton.

At our Cerro San Pedro Mine, we significantly improved our community consultation processes to engage a broader spectrum of the population. We want to guide our investments and actions, and work towards a strong, diversified local economy after the eventual closure of the mine.

CARING FOR OUR ENVIRONMENT

There were no major environmental incidents at any New Gold operation in 2013.

In 2013, we developed and began to implement our New Gold Environmental Management Standards, which adopt the most relevant elements from several international standards. At each operation, the new standards are being used to guide a site-specific Environmental Management System (EMS). By the end of 2013, New Gold operations were 80% through implementing the New Gold EMS elements. Full implementation of the New Gold Environmental Management Standards is expected by the end of 2014.



The Mesquite Mine was certified under the International Cyanide Management Code in 2012. We are in the final phases of certifying Peak Mines and Cerro San Pedro, the last two of our cyanide-using mines. Final certification requirements are expected to be met in 2014.

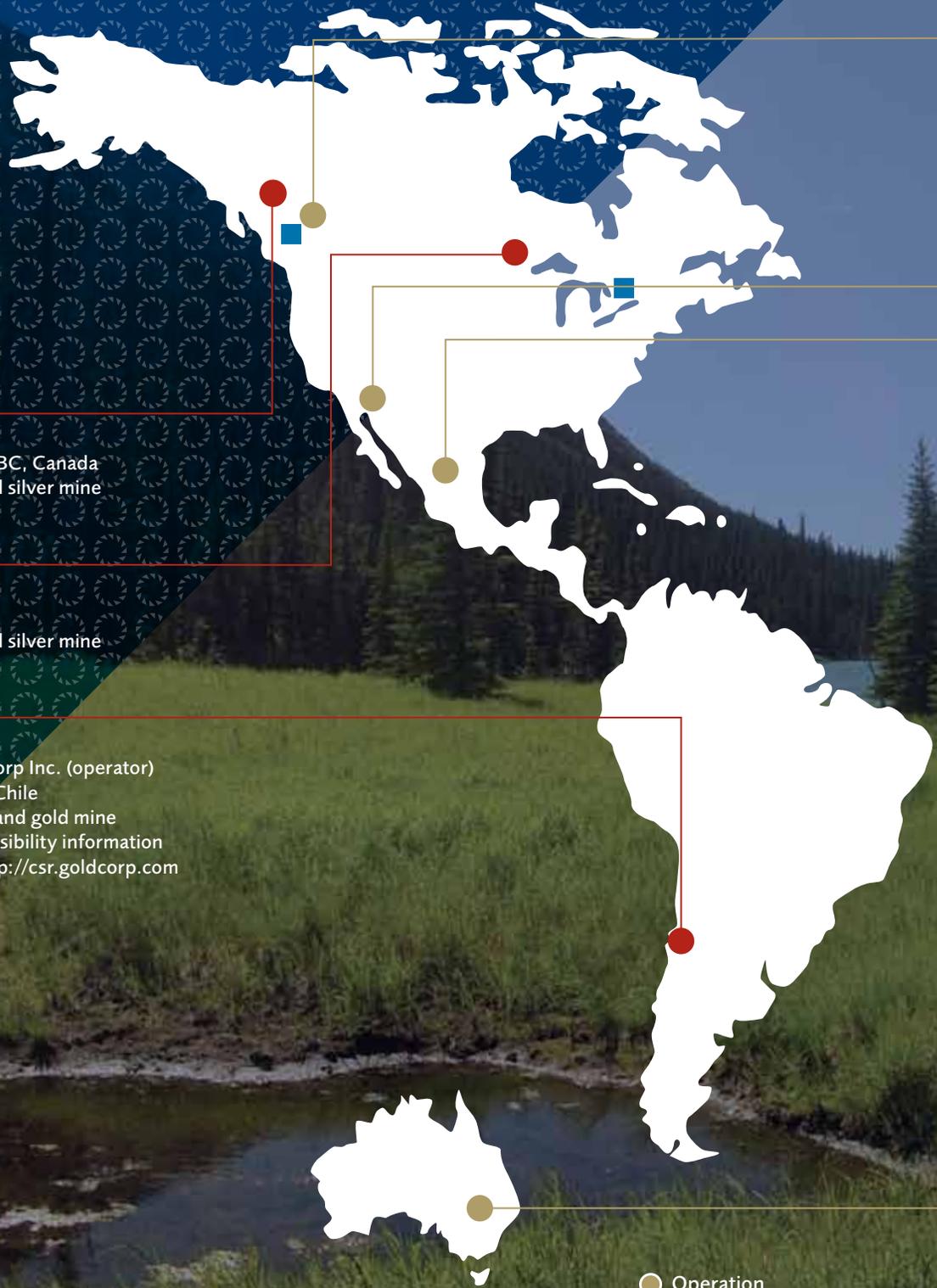
LOOKING AHEAD

2013 was a year of great strides in developing our corporate culture of safety, respect and responsibility, with the new standards for environmental management and community engagement and development, and remarkable safety performance. Everyone, at every operation, has contributed to these efforts, and I extend my gratitude to the people of New Gold. I look forward to continually improving our policies, procedures and performance in the years to come.

A handwritten signature in black ink, appearing to read 'R. Gallagher'.

Robert Gallagher
President and CEO, New Gold Inc.

New Gold Properties



BLACKWATER

- Development Project
- Southwest of Vanderhoof, BC, Canada
- Potential open pit, gold and silver mine

RAINY RIVER

- Development Project
- Northwestern Ontario
- Potential open pit, gold and silver mine

EL MORRO

- Development Project
- 30% New Gold, 70% Goldcorp Inc. (operator)
- East of Vallenar, Northern Chile
- Potential open pit, copper and gold mine
- For corporate social responsibility information regarding El Morro, see <http://csr.goldcorp.com>

- Operation
- Exploration/
Development Project
- Corporate Offices

NEW AFTON

- Operation (since 2012)
- West of Kamloops, British Columbia (BC), Canada
- Underground copper, gold and silver mine

CERRO SAN PEDRO

- Operation (since 2007)
- Cerro de San Pedro, San Luis Potosí, Mexico
- Open pit, run-of-mine, heap leach gold and silver mine

MESQUITE

- Operation (since 2008)
- Imperial County, California, USA
- Open pit, run-of-mine, heap leach gold mine

PEAK MINES

- Operation (since 1992)
- Cobar Shire, New South Wales, Australia
- Underground gold and copper mine

2013 KEY ACHIEVEMENTS

#14 overall in the Future 40 Most Responsible Corporate Leaders in Canada by Corporate Knights

NEW AFTON MINE

First mining operation in British Columbia to receive the Certificate of Recognition from WorkSafe BC

Champion, 2013 BC Underground Mine Rescue Competition

CERRO SAN PEDRO

Recognized as "Empresa Socialmente Responsable" (Socially Responsible Company) for the fourth consecutive year, by the Mexican Center for Philanthropy

Recognized as "Empresa Segura" (Safe Company) by the Mexican Ministry of Labour

Recognized as "Empresa Familiarmente Responsable" (Family Responsible Company) by the Mexican Ministry of Labour

PEAK MINES

Received the Environmental Achievement Award at the Cobar Business Awards

RAINY RIVER

Awarded the Canadian Mineral Exploration "Safe Day Every Day" Award by the Prospectors and Developers Association of Canada

CORPORATE SOCIAL RESPONSIBILITY AT NEW GOLD

We understand Social Responsibility as the way we contribute to sustainable development by acting ethically and with integrity, and by acting responsibly with respect to the impacts of our decisions and actions on communities and the environment.

▼ PERFORMANCE IN 2013

In 2013, we completed the development of our Environmental Management Standards as well as the Community Engagement and Development Management Standards. Along with our Health and Safety Management System, which was developed in 2012, these provide clear and consistent guidance to sites on corporate policies and their implementation.

HEALTH, SAFETY, ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY (HSE & CSR) POLICY

SUMMARY OF COMMITMENTS

Health and Safety

We are committed to promoting and protecting the well-being of our employees through safety-first work practices and a culture of safety excellence. We are committed to leading industry practices and systems in health and safety that focus on prevention of accidents and incidents as a priority.

Employment Practices

We are committed to upholding fair employment practices and encouraging a diverse workforce, where people are treated with respect and are supported to realize their full potential.

Community Engagement and Development

We are committed to establishing relationships based on mutual benefit and active engagement with our host communities to contribute to healthy communities and sustainable development.

Environment

We are committed to preserving the long-term health and viability of the natural environments affected by our projects and operations.

HUMAN RIGHTS AND ETHICS

New Gold is committed to integrating human rights and anti-corruption best practices into our business operations and decision-making processes. In observation of the Voluntary Principles on Security and Human Rights and as signatory to the United Nations Global Compact (www.unglobalcompact.org) we are committed to reflecting its 10 principles relating to human rights, labour, environment and anti-corruption in all of our business operations. New Gold's [Human Rights and Anti-Corruption Policy](#) was adopted in 2012 and is available on our website.

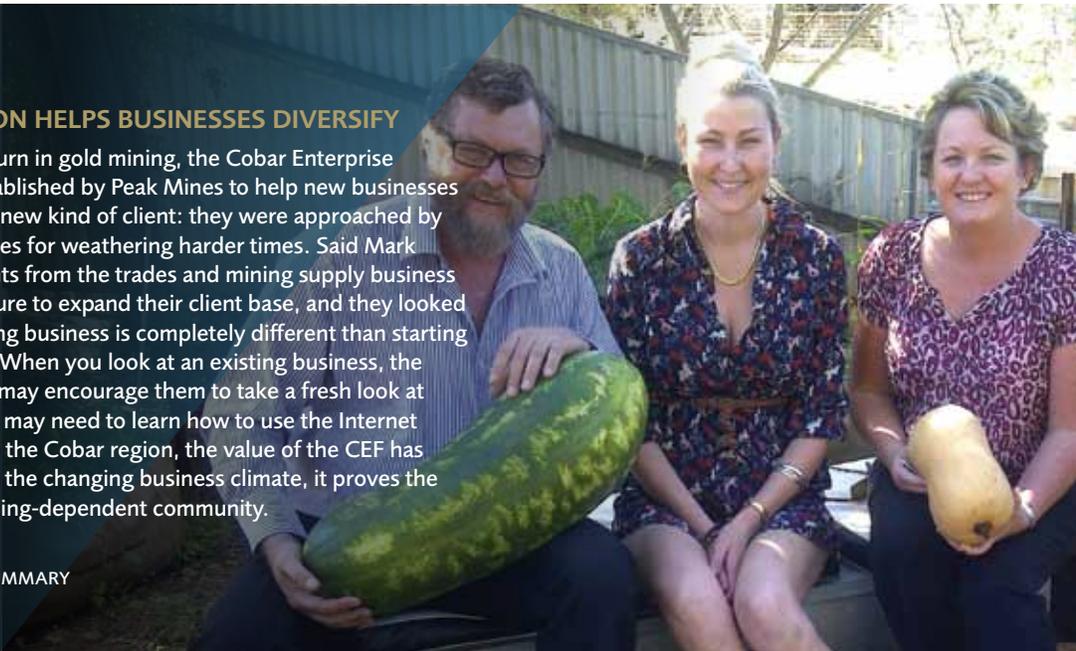
TO LEARN MORE

The purpose of this summary is to provide an accessible overview of what we did and how we did in terms of Corporate Social Responsibility in 2013. A comprehensive look at our policies and performance with respect to Human Rights and Ethics, Health and Safety, Labour Practices, Community Engagement and Development, and Environment can be found in our full-length Sustainability Report available on our website.

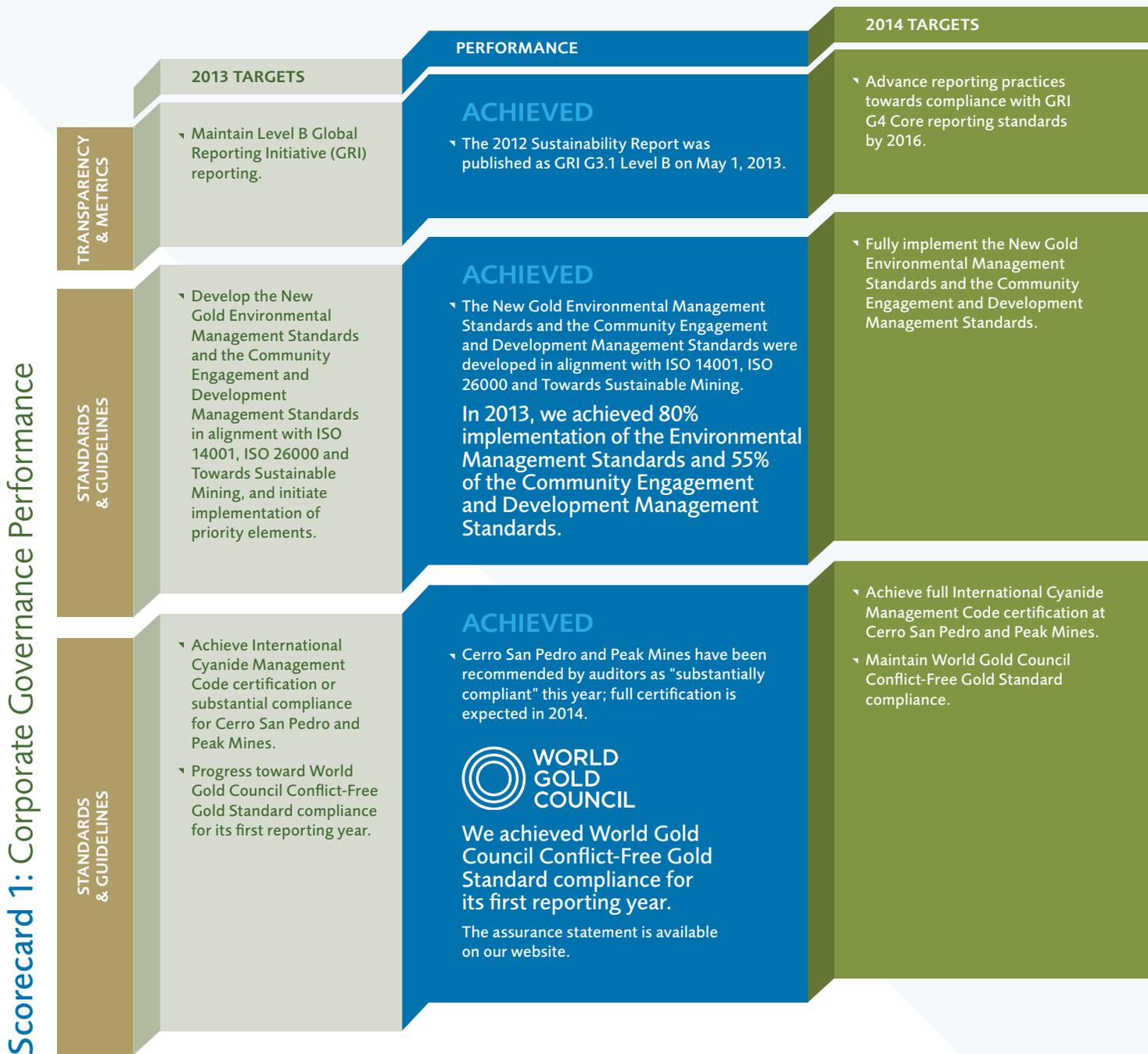
OUR STORY

COBAR ENTERPRISE FACILITATION HELPS BUSINESSES DIVERSIFY

In response to 2013's economic downturn in gold mining, the Cobar Enterprise Facilitation (CEF) – an organization established by Peak Mines to help new businesses get off the ground – found itself with a new kind of client: they were approached by established businesses seeking strategies for weathering harder times. Said Mark Workman, Peak's CEF Facilitator, "Clients from the trades and mining supply business began to come in. They're under pressure to expand their client base, and they looked to us for strategies." Helping a struggling business is completely different than starting a new one, and the CEF had to adapt. "When you look at an existing business, the guidance can be entirely different. We may encourage them to take a fresh look at services they offer. In some cases, they may need to learn how to use the Internet to attract clients from further away." To the Cobar region, the value of the CEF has been its versatility. In adapting to serve the changing business climate, it proves the importance of economic depth in a mining-dependent community.



The market judges New Gold on one thing: our performance, on what we do. When it comes to Corporate Social Responsibility, we expect – actually, we ask – to be held to the same standard: judge us by what we do.

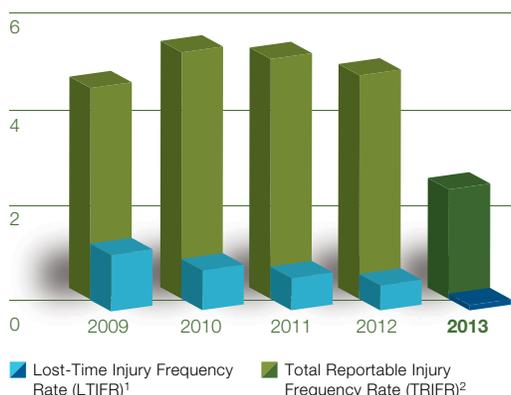




GROWING OUR PEOPLE

New Gold operates in Canada, the United States, Australia and Mexico, and is involved in a joint development project in Chile. Each country and region where New Gold operates is unique, and we strive to respect and support local customs. At the same time, we are rigorous in applying certain universal standards in health and safety, as well as in our human rights and non-discrimination policies.

Health and Safety Performance



¹ Lost-Time Injury Frequency Rate (LTIFR) is the number of lost-time injuries per 200,000 hours worked. (Lost-Time Injuries x 200,000 hours) ÷ total hours worked.

² Total Reportable Injury Frequency Rate (TRIFR) is the number of injuries per 200,000 hours worked. (Lost-Time Injuries + Medical Treatment Injuries + Restricted Duties Injuries) x 200,000 hours ÷ total hours worked.

HEALTH AND SAFETY

Our people are the core of our success and we depend on skilled, hard-working and empowered employees to contribute to our business. It is a fundamental goal at New Gold that everyone should return home injury-free after each workday, and we seek to create a culture in which everyone is motivated to do the right thing in order to keep themselves and their colleagues healthy and injury-free. While we have had considerable success in achieving and maintaining excellent health and safety statistics, we recognize the human risks that mining operations represent and, as a result, the need to be constantly vigilant.

PERFORMANCE IN 2013

Our injury and incident prevention activities, which focused on three critically targeted areas (Education/Training, Workplace Behavioural Observations and Risk Assessment/Management & Mitigation), had a completion rate of 141% and for all other measurable prevention activities a completion rate of 100%.

Four of our sites went without a lost-time injury in 2013. Two operations achieved over one million worker hours without a lost-time injury and another reached over two million worker hours without a lost-time injury. In 2013 our Lost-Time Injury Rate and Total Reportable Injury Rate decreased by 71% and 57%, respectively.

OUR STORY

UNBEATABLE RECORD OF ZERO LOST-TIME INJURIES EARNS MESQUITE MINE NEW GOLD'S LTI AWARD

In 2013, the Mesquite Mine operated for a full calendar year without a single lost-time injury, earning company-wide recognition from New Gold's President, who awarded the mine's Safety Team the first annual LTI Award. "We attribute this year's safety record to a focus on 'leading' safety indicators among our supervisors and managers," said Demetra Johnson, Mesquite's Health and Safety Coordinator. Leading safety indicators are those that identify and avoid potential dangers *before* an accident occurs. At Mesquite, this meant a focus on workplace inspections, one-on-one contact with employees, participation in safety and pre-shift safety meetings, and thorough investigations of any incidents that occur. Johnson said, "We believe that focusing on leading indicator activities is the only way to get to Zero Incidents." Her team's record is a demonstration of the success of the approach.



EMPLOYMENT PRACTICES

In all the jurisdictions in which we operate, we strive to create a culture of inclusiveness and acceptance that begins at the top and carries through hiring, promotion and worker-to-worker relationships. Our reputation for safety, competitive wages and benefits, and our recognition of employee performance and opportunities for career advancement, make us an employer of choice everywhere we operate.

Our commitment to fair and equitable employment practices extends throughout our operations. We adhere to the labour principles of the UN Global Compact and have identified employee development and teamwork as corporate values.

▼ PERFORMANCE IN 2013

In 2013, market pressures led to significant challenges at some of our operations. At Peak Mines, about 35 voluntary and 12 involuntary redundancies occurred. These were very difficult decisions made by our leadership at Peak. Several meetings occurred with the workforce to allow for an open dialogue about the redundancies and implications to morale and to operations. We are making significant efforts to engage and empower employees, and to seek their input into identifying options for cost and productivity gains. A community meeting provided an open forum to address concerns and the implications of the reduction in the workforce to the local community.

At New Afton, a reduction to our workforce of 22 people resulted from a decrease in underground development rates to match the operating plan for 2014. This change in employee numbers was anticipated during life of mine planning. The affected employees were provided with severance packages above those required by statute, in recognition of their efforts on behalf of New Gold.

At New Gold, people are treated with respect and are supported to realize their full potential.



Leadership training at Cerro San Pedro. The New Gold values-based leadership training program initiated in 2012 is developing principled leaders and decision-makers at various supervisory, management and executive levels.

OUR STORY

BLACKWATER: "MINING 101"

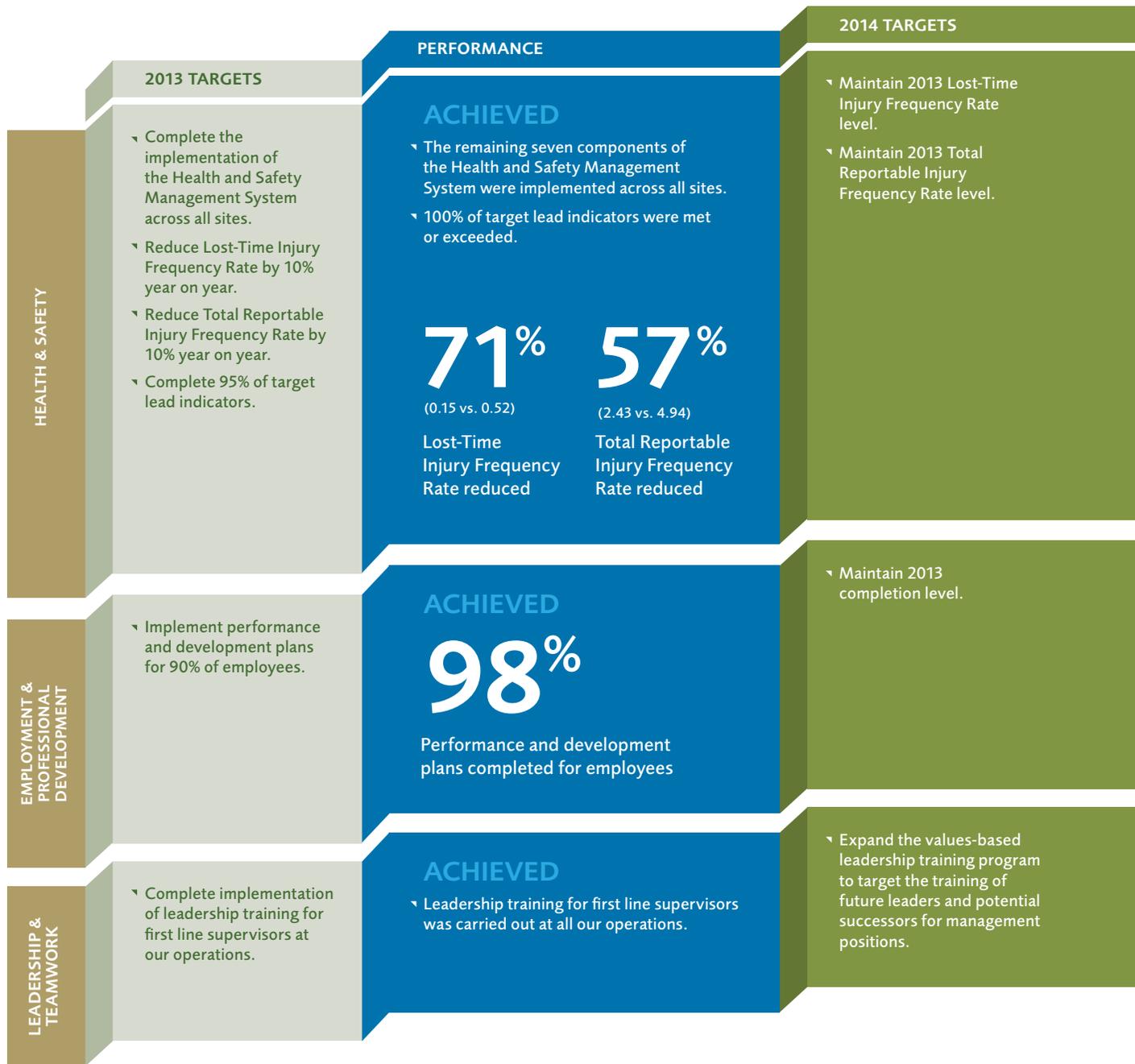
The Blackwater project actively promotes the economic growth of the local communities, with a particular emphasis on support for First Nations. In 2013, we hosted British Columbia Institute of Technology's Aboriginal Mining program, "Mining 101", on reserve. The innovative two-day course is an educational tool, not an exercise in public relations. "The course is a detailed overview of the process of mining, from exploration through environmental assessment, construction, operations, through to reclamation," said Amber Teed, Blackwater's First Nations Coordinator. If participants become interested in careers in mining, we let them know about other courses we sponsor, which are specifically geared for band members. "The courses lead to core-cutting jobs, for example, and geotechnical roles," said Teed. "As well, we offered life skills training. We've seen how important it is to be supportive and build these relationships. In fact, I think that the life skills support we provide can be more important than anything."

Growing Our People

Cerro San Pedro is an example of our efforts to ensure we are an inclusive company. The operation was recognized in 2009 as an "Inclusive Company" by the State Government of San Luis Potosi for its employment of people with disabilities and seniors, and has

been endorsed as a "Socially Responsible Company" by the Mexican Center for Philanthropy every year since 2010. In 2013, Cerro San Pedro was also recognized by the Federal Ministry of Labour with the designation of "Family Responsible Company."

Scorecard 2: Health, Safety, Human Resources and Professional Development





OUR STORY

CAPACITY BUILDING AND EMPLOYEE DEVELOPMENT AT CERRO SAN PEDRO

One of the major legacies that the Cerro San Pedro Mine will leave is a trained, capable workforce. From basic education to professional training, we offer our people the opportunity to better themselves through learning. Last year dozens of employees took advantage of primary- and secondary-level adult education programs that we offer in collaboration with private and public institutions, and 16 employees pursued higher education with the Company's support. We held three five-day employee retreats, in which approximately 60 employees built their teamwork and leadership skills and absorbed New Gold's corporate values. We also trained employees in workplace-specific topics such as human resources, health and safety, quality control, and the environment. The courses were popular: for personal development, leadership and teamwork topics, training hours in 2013 increased by over 50%.

GROWING OUR COMMUNITIES

We foster open communication with residents and community leaders, from a project's earliest development phase, through the mine's life and after closure.

Our goals are to understand the impacts of our operations on local communities, to be a catalyst for increasing quality of life, and to contribute to sustainable development within our host communities. We believe that it is important to thoroughly understand the people, their histories and their aspirations, as well as their needs and concerns, so that we can truly engage and contribute to healthy communities and long-term social, cultural and economic development.

We are committed to mutually beneficial and active engagement and to contributing to healthy communities and sustainable development.

COMMUNITY ENGAGEMENT

At New Gold, community engagement begins while a project is in the exploration and development stage, and continues through the mine's life and after closure. Our engagement activities are guided by our Community Engagement and Development Management Standards, which are compliant with several standards and guidelines including the Mining Association of Canada's Towards Sustainable Mining protocol on Aboriginal and Community Outreach. The Community Engagement and Development Management Standards guide us to identify our communities of interest, effectively engage and maintain dialogue, maintain a feedback mechanism and report on performance. Wherever our operations interact with Indigenous peoples, we endeavour to understand and respect traditional values, customs and cultures. We take meaningful action to serve their development needs and priorities through collaborative agreements aimed at creating jobs, training and lasting socio-economic benefits. By being committed to regularly hosting meetings with local representatives, New Gold remains connected to host communities to understand their priorities and concerns, which helps to resolve existing or potential issues.

PERFORMANCE IN 2013

This year's major achievement in this area was the development of Community Engagement and Development Management Standards, which clearly define the requirements for community outreach and community development. As of the end of the year, our operations were more than halfway into the implementation of the new standards' components. They are expected to be fully implemented in 2014.

OUR STORY

BLACKWATER BUILDS THE FOUNDATION FOR OUR FUTURE

"We take every opportunity to talk to people," said Amber Teed, Blackwater's First Nations Coordinator. In 2013, the Blackwater project hosted eight open houses in six communities, opened feedback channels, brought community leaders together, held four Community Liaison Committee meetings and ran four Citizens' Forums and two focus groups. "It's important to get a sense of what the community is thinking," she said, "even when it means answering difficult questions."

As the project nears the environmental assessment process, it's essential to create bonds of trust. Blackwater hosted 12 site tours for Aboriginal groups, and supported educational courses on mining specifically geared to First Nations communities.

Said Teed, "We are actively engaged... We now have exploration agreements with two bands whose lands overlay the mine site. In the case of three other bands, our transmission line and access road cross their territory. We're in the process of securing cooperation agreements with them. There's another band whose asserted traditional boundaries are affected, and even though in that case the government doesn't require it, we have a cooperation agreement with them. I'm in frequent contact with them."





New Gold mines and development projects host meetings with local residents to remain connected with their priorities and concerns.

Scorecard 3: Community Engagement and Development

	2013 TARGETS	PERFORMANCE	2014 TARGETS
ENGAGEMENT	<ul style="list-style-type: none"> Formalize and implement engagement and communications plans at all sites. 	<p>ACHIEVED</p> <ul style="list-style-type: none"> Engagement plans have been formalized at all sites. 	<ul style="list-style-type: none"> All operations' engagement plans to achieve substantial compliance with newly created Community Engagement and Development Management Standards.
FEEDBACK & COMPLAINTS	<ul style="list-style-type: none"> Formalize external grievance procedures at Blackwater project. 	<p>ACHIEVED</p> <ul style="list-style-type: none"> A complaint mechanism has been formalized at Blackwater. 	<ul style="list-style-type: none"> All operations' grievance mechanisms to achieve substantial compliance with newly created Community Engagement and Development Management Standards.
LOCAL ECONOMIC IMPACTS	<ul style="list-style-type: none"> Continue to implement the Cerro San Pedro Sustainable Development Program. Work with Blackwater Community Liaison Committee to identify opportunities for maximizing local economic impacts. 	<p>ACHIEVED</p> <ul style="list-style-type: none"> The Cerro San Pedro Sustainable Development Program continued through 2013. <p>The Blackwater Community Liaison Committee was instrumental in identifying opportunities for maximizing local economic impacts.</p>	<ul style="list-style-type: none"> Initiate the Cerro San Pedro Responsible Closure Program, including a collaborative process with local communities to identify priorities for community development.



OUR STORY

CERRO SAN PEDRO ROLLS OUT ITS COMMUNITY ENGAGEMENT PROGRAM

In 2013, the Cerro San Pedro Mine implemented its Community Engagement Program, with the aim of establishing and maintaining open channels of communication with local communities. In 2013, approximately 30 community meetings were held in 10 communities, and over a dozen household visits were made. We hired a local organization to pilot participatory community visioning workshops, which more than 25 people have joined so far.

Our Information Centre is at the core of the Community Engagement Program: located at a scenic viewpoint that looks over the mine, it is open to the general public and provides

historical, technical and community-related information on the mine and its operations. Over 6,700 people visited the Information Centre in 2013, including student groups from primary schools through to universities. The mine itself was visited by residents' groups from Cerro de San Pedro, La Zapatilla, Cuesta de Campa, Monte Caldera, Divisadero and Planta del Carmen. A visitor remarked, "It is an impressive place. It is amazing to see that Cerro de San Pedro has had mining activities throughout centuries, and a mine is still operating here. I enjoyed the visit; presentations were excellent. The facilities are very good, and the safety standards are quite high."

Growing Our Communities

As a signatory to the UN Global Compact we are committed to reflecting its principles on human rights, labour standards, the environment and anti-corruption in all of our business operations.



Feedback Mechanisms

We maintain open channels through which complaints and suggestions can be received and addressed. All of our operations maintain external feedback mechanisms. A detailed discussion of the complaints received through our feedback mechanisms in 2013 can be found in the full Sustainability Report available online.

COMMUNITY DEVELOPMENT AND ECONOMIC IMPACTS

Our commitment to local socio-economic sustainability is demonstrated in the opportunities we create for local employment, the investments we make in community infrastructure projects, scholarships, through facilitating local entrepreneurship, as well as capacity building and economic diversification projects.

We strive to hire locally, and engage local services and suppliers whenever it is practical. This is a powerful tool for creating direct and indirect economic benefits for local communities, and very often, hiring and purchasing locally makes good business sense. For example, at the Cerro San Pedro Mine, our safety vests and sun hats are sourced from an independent seamstress living in the community of Cerro de San Pedro. At Blackwater, the boxes we use for storing our core samples have been manufactured by a local First Nations business.

Our sponsorships and donations support education, health and wellness, economic diversification, job creation and food banks. At the corporate level, our Corporate Donations Committee meets on a quarterly basis to review requests, with a priority on health, environment, education and community development investments.



New Gold has generated significant economic value for our host communities. Employee wages and benefits paid in 2013 were \$195 million.

At New Gold, we understand that our business success is dependent on the support of local communities. Only through respectful, mutually beneficial dialogue can we maintain our meaningful, trust-based relationships with our local communities and other communities of interest.

Growing Our Communities

NGD



In 2013, we produced

397.7 thousand ounces of gold,

85.4 million pounds of copper and

1.6 million ounces of silver.

Revenues totalled **\$779.8** million.

ECONOMIC VALUES GENERATED AND DISTRIBUTED (\$ MILLIONS)¹ – INCLUDES ALL NEW GOLD SITES

Revenues

Operating costs

Employee wages and benefits (includes payroll taxes paid to governments)

Payments to governments (production, property and income taxes)

Community investments²

BILLS TO PAY



New Gold is one of the lowest-cost producers in the industry. Operating costs include payments for materials, products and services. Also include

\$20.6 million in exploration expenditures.

¹ Unaudited figures. Additional information on economic values, and site-specific economic value generated, is disclosed in our [2013 Financial Review](#) available on our website.

² As defined in the GRI 3.1.EC1 Protocol. Expenditures for voluntary donations and investment of funds in the broader community where the target beneficiaries are external to the company. These include contributions to charities, non-governmental organizations and research institutes (unrelated to the Company's commercial research and development), funds to support community infrastructure and direct costs of social programs. Include sites as well as corporate offices' community investments.

³ \$36.75 million (\$32.46 million to Mexico, \$3.83 million to Canada, and \$0.46 million to the U.S.) minus \$2.17 million of non-recurring tax refunds in Australia as a result of amending prior year tax returns.

PEOPLE



We are proud of the impact of the salaries brought home by our employees and contractors – our wages and benefits expenditures have increased from

approximately **\$180** million in 2012
to approximately **\$195** million in 2013.

2013

779.8

479.5

194.7

34.6³

3.6

ROADS, SCHOOLS, POWER LINES, WATER, HOSPITALS



The taxes we pay support local governments in providing for infrastructure, health, education and other community services.

ENVIRONMENTAL, HEALTH AND COMMUNITY PROGRAMS



Our donation and sponsorship dollars supported a range of local environmental and community programs in every jurisdiction where we operate.

Growing Our Communities

We endeavour to understand and respect traditional values, customs and cultures and take meaningful action to serve development needs and priorities through collaborative agreements with Aboriginal peoples.



Our positive relationships with Aboriginal peoples have already facilitated considerable employment and contracting opportunities at our sites.

WORKING WITH ABORIGINAL COMMUNITIES

At New Gold we are proud of our strong relationships with Aboriginal peoples. Education and training of local community members are key to our policy of striving to hire locally, and sourcing services and supplies from nearby. In communities where the required skill sets and/or work experience are in short supply, we provide funding for education and training. We also offer numerous apprenticeship programs to help Aboriginal workers on their path to a career in mining.

▼ PERFORMANCE IN 2013

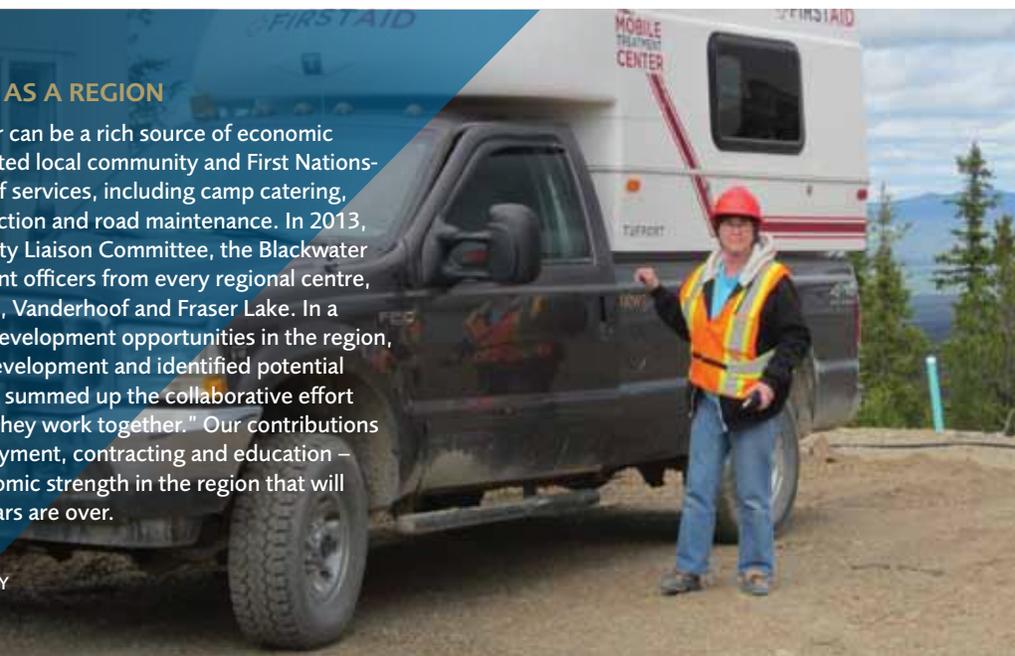
In 2013, both Blackwater and New Afton averaged 23% Aboriginal employees.

In 2013, New Afton became a sponsor of the Adult Basic Education program for the Skeetchestn Indian Band and Tk'emlúps te Secwépemc Bands. Sponsorship includes financial contributions in addition to donations of computers and classroom furniture. We believe that this program will allow more local band members to achieve their education goals. New Afton also granted ten post-secondary scholarships during 2013 to band members to allow them to continue to pursue higher education.

OUR STORY

BLACKWATER: WORKING TOGETHER AS A REGION

Contracting services to a mine like Blackwater can be a rich source of economic development. Blackwater project has contracted local community and First Nations-owned businesses to provide a broad range of services, including camp catering, first aid, equipment leasing, core box construction and road maintenance. In 2013, following a recommendation of the Community Liaison Committee, the Blackwater team brought together Economic Development officers from every regional centre, including Quesnel, Burns Lake, Fort St. James, Vanderhoof and Fraser Lake. In a workshop setting, they identified economic development opportunities in the region, explored New Gold's role in that economic development and identified potential opportunities for joint action. One participant summed up the collaborative effort by stating, "Communities are stronger when they work together." Our contributions to community infrastructure – through employment, contracting and education – will provide a foundation of sustainable economic strength in the region that will continue, long after the mine's productive years are over.





OUR STORY

NEW AFTON MINE RECOGNIZED FOR DIVERSITY-FOCUSED TRAINING AND HIRING

In recognition of its training and hiring practices that support a diverse, First Nations-friendly workplace, the New Afton Mine was awarded the inaugural *Mining HR Diversity Award* by the Mining Association of BC and the BC Mining HR Task Force. The award was shared with the Aboriginal Mentoring and Training Association (AMTA) – formerly known as BC Aboriginal Mine Training Association – an organization that New Afton helped found. AMTA CEO Laurie Sterrit said that the award reflects a novel approach in recruiting local candidates. In contrast with the common practice of hiring only experienced employees, “we seek local people with potential, and we support their training plan to help set them up for a long-term career.” Hiring locally makes turnover low and job satisfaction high. As a result, three-quarters of New Afton’s workforce was hired from Kamloops and the surrounding area, and almost one-quarter of the workforce is Aboriginal.

CARING FOR OUR ENVIRONMENT

At every New Gold site, we take a proactive risk management approach to safeguarding the environment and reducing our impact. At every stage of a mine's life cycle, we apply best practices in environmental management, guided by international standards, and comply with all relevant laws and regulations in the countries in which we operate. From the earliest site investigations, we carry out comprehensive environmental studies to establish baseline measurements for flora, fauna, soil, air and water. As mining operations proceed, we work to minimize environmental impacts and maintain robust monitoring programs that include groundwater and air quality. We strive to minimize energy and water consumption, and reduce material consumption through recycling and reuse.

At New Gold, planning for a mine's closure begins at the design stage and continues through the mine's life.

▼ PERFORMANCE IN 2013

In 2013, we developed and began to implement our New Gold Environmental Management Standards, which are derived from several internationally recognized standards. The standards ensure that operations identify and manage environmental aspects, adopt a consistent approach to identifying and managing environmental risks, continuously improve through audits and assessments, and display a high level of environmental stewardship.

By the end of 2013, New Gold operations were 80% through implementing the new standards. Full implementation of the New Gold Environmental Management Standards is expected by the end of 2014. We also formalized a Tailings, Leach Pad and Waste Rock Policy to comply with the Mining Association of Canada's Towards Sustainable Mining protocol.

OUR STORY

GREAT BASIN SPADEFOOT STUDIED, WETLANDS EXPANDED AT NEW AFTON

"People ask me, why should we care about a little toad?" said New Afton's Environmental Systems Technician Jo-Anne Hales. For her MSc studies at Thompson Rivers University, she has done extensive fieldwork on the Great Basin Spadefoot, a blue-listed amphibian found in the wetlands near the mine. "The spadefoot helps keep the insect populations down. It provides a food source for the raptors and the coyotes and other wildlife. It's all part of the web of life." Hales has contributed to wetland remediation that will improve spadefoot habitat. She continues her research, including putting transmitters on spadefoots to learn their movements and improve management of spadefoot populations and habitat. "It's been an excellent opportunity for me," she said. "Working on site at New Afton is amazing."



New Gold is a signatory of the International Cyanide Management Institute, the global benchmark for transporting, storing and using cyanide.

Scorecard 4: Environmental Performance

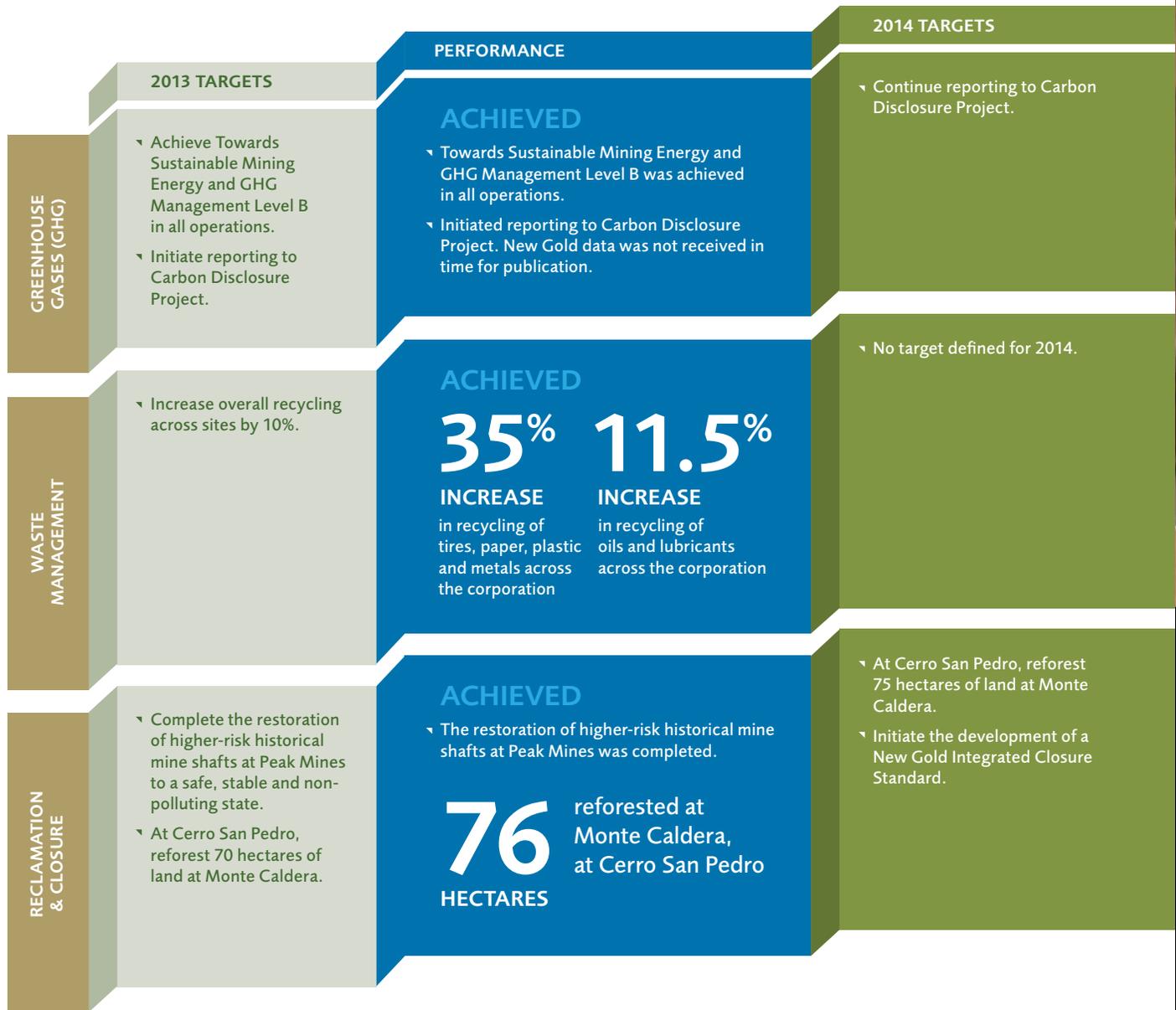
	2013 TARGETS	PERFORMANCE	2014 TARGETS
INCIDENTS	<ul style="list-style-type: none"> Establish an automated incident recording and tracking system across all sites. 	<p>ACHIEVED</p> <ul style="list-style-type: none"> An automated incident recording and tracking system has been established across all sites. 	<ul style="list-style-type: none"> Perform root cause analysis on 10% of all incidents and take pro-active initiative to reduce/eliminate root causes. Establish an environmental committee at all operations, including representation from operational areas, that reviews hazards, risks and significant incidents at least quarterly. At all operations: provide training for 100% of significant environmental risks as defined by site's risk assessment.
WATER	<ul style="list-style-type: none"> Continue to monitor and report water recycling and reuse. Complete evaluation of the pilot project at Cerro San Pedro to utilize treated city water in leach piles as an alternative to groundwater. 	<p>ACHIEVED</p> <ul style="list-style-type: none"> All sites continued to monitor and report water recycling and use. <p>NOT ACHIEVED</p> <ul style="list-style-type: none"> The full development of a pilot project at Cerro San Pedro to utilize treated city water in leach piles as an alternative to groundwater was put on standby given the focus on work required to progress certification under the International Cyanide Management Code. 	<ul style="list-style-type: none"> Establish a detailed water balance and a Water Management Plan at all operations.
ENERGY	<ul style="list-style-type: none"> Achieve Towards Sustainable Mining Energy and GHG Management Level B in all operations. Achieve ISO 50001 (Energy Management) compliance at New Afton. 	<p>ACHIEVED</p> <ul style="list-style-type: none"> Towards Sustainable Mining Energy and GHG Management Level B was achieved in all operations. <p>New Afton: first mine in North America to obtain ISO 50001 certification, achieved in early 2014.</p>	<ul style="list-style-type: none"> Determine baseline across major energy sources through metering and sub-metering where feasible.

Caring for Our Environment

Our environmental practices include progressive reclamation of mining areas as well as the reforestation and conservation of lands that are undisturbed by mining operations.



Scorecard 4: Environmental Performance (Continued)





OUR STORY

PEAK MINES WINS ENVIRONMENTAL ACHIEVEMENT AWARD FOR KULTARR AWARENESS PROGRAM

The small, nocturnal Kultarr is an endangered marsupial that has been seen – rarely – in the area surrounding the Peak Mines' operations. To learn more, the mine enlisted the local community. Chris Higgins, the operation's Environment and Social Responsibility Superintendent, developed the Kultarr Awareness and Identification Program to teach school-age locals how to identify the elusive marsupial. Beginning in 2012 and continuing through 2013, Higgins and other staffers presented educational seminars at schools and other community events. Soon Kultarr sighting reports began to come in – to date, 17 formally recorded sightings. "These are the first Kultarr sightings in many years," said Higgins. "When we have good data on the population and distribution, we'll bring in an external expert. We want to know why the Kultarr are attracted to a specific area, and what they need." The success of the program was recently recognized with an Environmental Achievement Award at the Cobar Business Awards.

Caring for Our Environment

WATER MANAGEMENT

Water management is a prime concern for any mining or processing operation and for its neighbours. Our objective at every New Gold site is to minimize water use through recycling and reuse, and apply efficient designs and technologies. All water used in our mine sites is contained in a closed circuit, with only evaporation and entrainment in ore or tailings allowing water to leave the cycle. No process water discharges to the environment.

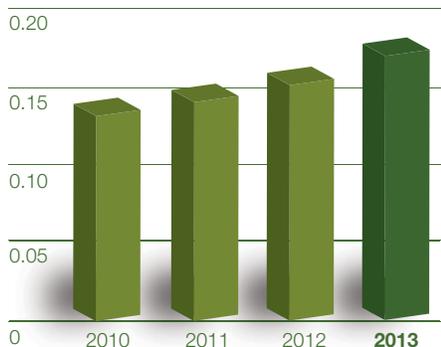
PERFORMANCE IN 2013

We continue to seek opportunities to reduce our raw water consumption and increase water recycling. In 2013, we recycled approximately 25.5 million cubic metres of water – just above four times the amount of raw water we used from surface, groundwater and water utilities.

Across the company's operations, raw water efficiency (raw water used per amount of ore processed) has slightly declined over the last four years despite the efforts to minimize water consumption. For example, Peak Mines uses water-efficient "thickened tailings", which uses much less water than traditional lower-density tailings deposition. At the New Afton Mine, water is recycled through the tailings facility and returned for use in processing. At the Mesquite and the Cerro San Pedro mines, water used for processing ore in 2013 was recycled at a 91% and 72% rate, respectively. The overall increase in water consumption in 2013 is due to New Afton's water use during its first year of operation.

Raw Water Efficiency

RAW PROCESS WATER (CUBIC METRES)
PER TONNES OF ORE PROCESSED



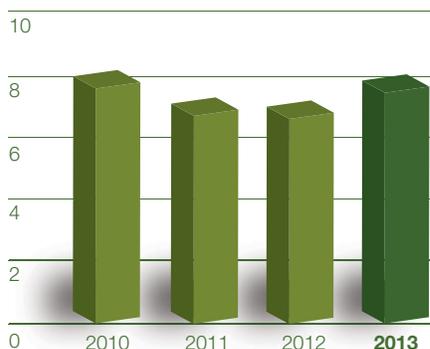
ENERGY AND EMISSIONS MANAGEMENT

Improving our energy efficiency and reducing greenhouse gas (GHG) emissions not only reduces climate-related risks to the broader environment, it brings inherent cost advantages. We recognize that our activities result in GHG emissions, from the mobile equipment required to operate a mine, for example, and indirectly from off-site generated electric power that we purchase to supply our operations. We make efforts to decrease our energy consumption and minimize GHG emissions throughout our operations.

PERFORMANCE IN 2013

Greenhouse Gas Emissions Efficiency

EFFICIENCY: TOTAL EMISSIONS PER TONNES OF
ORE PROCESSED, AS TONNES OF CO₂-e EMISSIONS¹



¹ CO₂-e refers to carbon dioxide equivalent emissions.

The total GHG emissions per ore processed in 2013 increased to 2010 levels, following two years of reductions. The increase in 2013 is mostly due to an increase in the use of electric power that resulted from a full year of production at New Afton and increased demand of power for ventilation systems at Peak. Significant efforts towards reducing energy consumption and increasing energy efficiency have been made at New Afton, where a new Energy Management System (controlled by an innovative Energy Management Information System) was implemented in 2013. A compliance audit took place at New Afton in late 2013, and the operation was certified ISO 50001 early in 2014 – the first mine in North America to achieve this certification.

CYANIDE MANAGEMENT

While cyanide has inherent toxic properties, its safe transport, handling, use and destruction are well understood and manageable. All three New Gold operations that use cyanide in the gold extraction process follow procedures that are strictly controlled for the safety of personnel and the environment. In October 2010, New Gold was accepted by the International Cyanide Management Institute as a signatory to the International Cyanide Management Code (ICMC), the international benchmark for transporting, storing and using cyanide. ICMC is a voluntary initiative for the gold mining industry and the producers and transporters of the cyanide used in gold mining and is intended to complement an operation's existing regulatory requirements.



The Cerro San Pedro nursery is the cornerstone of the mine's reforestation and revegetation program, which employs people from several local communities.

BIODIVERSITY MANAGEMENT

At New Gold sites, environmental stewardship means more than just applying restoration practices to lands that are affected by mining to promote a habitat conducive to natural biodiversity. It also means conserving and enhancing lands that are undisturbed by mining operations.

For example, at Blackwater we modified the original exploration program to protect the adjacent Provincial Ungulate Winter Range and established a Northern Caribou Management Plan. The main objectives of this plan are to minimize impacts of mineral exploration and predator and human access to Northern Caribou habitat, and to minimize disturbance and displacement of Northern Caribou.

At all our sites we have identified various levels of at-risk species, and have put management plans and/or procedures in place to ensure adequate management of these species. A complete list is available in the full-length Sustainability Report available online.

PERFORMANCE IN 2013

At New Afton a Biodiversity Conservation Plan was prepared to comply with the Towards Sustainable Mining standards. This plan outlines projects, activities and partnerships with respect to managing biodiversity. An Environmental Monitoring Board made up of First Nations and regulatory partners was also established to provide input with regard to reclamation area targets based on land available for reclamation, as well as partnerships with a local university. Biodiversity projects are defined based on opportunities identified and inputs by the Board.

RECLAMATION AND CLOSURE PLANNING

New Gold operations practice progressive rehabilitation of lands affected by their activity as soon as areas become available after operations cease. We also rehabilitate historic mining areas within our leases.

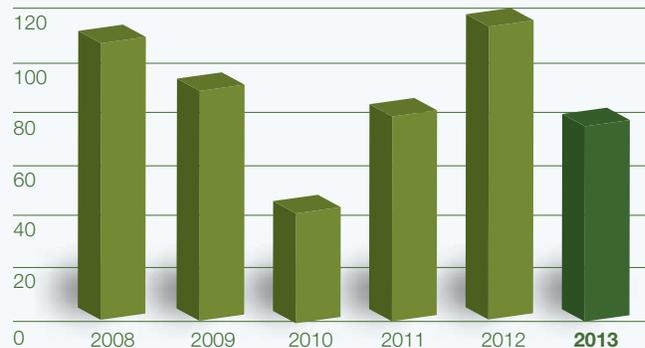
Each of our mines has obtained regulatory approval for their closure rehabilitation plans, which are reviewed and updated regularly.

PERFORMANCE IN 2013

In 2013, restoration activities were carried out in approximately 80 hectares across all operations and projects. These included a wide range of reclamation activities such as seeding, replanting, subsidence work of mine shafts, and removal of contaminated material within and outside our properties.

Habitat under Restoration across All Sites

APPROXIMATE HECTARES



At New Afton, despite recently starting production, we have begun researching the metrics that will be used at the end of mine life. This has included the innovative "Barcode for Life" project through the University of Guelph. New Gold is the first company to use this cutting edge technology to set biodiversity-related closure targets based on species diversity. It has also included research into the effectiveness of various soil treatments to enable re-establishment of grassland species, including species of cultural significance to our First Nations partners.

In the Cerro de San Pedro municipality, we are returning areas heavily deforested by logging to their former state, planting approximately 1,100 plants per hectare. At Cerro San Pedro, our reforestation objective is to cover nearly 373 hectares of land while the mine is in operation. As of 2013, nearly 60% of that target had been achieved. In 2013 we planted 83,665 plants on about 76 hectares.



OUR STORY

NEW AFTON'S BIODIVERSITY CONSERVATION MANAGEMENT PLAN ENHANCES BIODIVERSITY FOR FUTURE GENERATIONS

New Afton's Biodiversity Conservation Management Plan is a core component of the mine's commitment to enhancing and conserving biodiversity. Current biodiversity and conservation initiatives include grassland and wetland recovery projects, and habitat enhancement for a variety of bird, bat and amphibian species. Several are run in conjunction with local First Nations and graduate students at Thompson Rivers University (TRU). Said Jo-Anne Hales, a Tk'emlúps Band member who is an Environmental Systems Technician at New Afton, and MSc candidate at TRU, "The plan guides us toward a common goal – which is to enhance biodiversity for future generations. When New Gold is finished here, we want to be able to say we did everything we could to understand the natural ecosystems in the area, and used that knowledge to recreate a natural state on the former mine site."

newgold

At New Gold, we view transparency as essential to maintaining trust with our stakeholders and to upholding our corporate reputation. Our annual performance targets are based on our ongoing drive to improve our performance, and on feedback received from our communities of interest.

We invite you to send any questions and comments on this report to sustainability@newgold.com.



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