

LIVING THE NEW GOLD VALUES

2015 CORPORATE
RESPONSIBILITY

SUMMARY REPORT

newgold™



ABOUT NEW GOLD

New Gold is an intermediate gold producer with operating mines in Canada (New Afton Mine), the United States (Mesquite Mine), Australia (Peak Mines) and Mexico (Cerro San Pedro Mine) and two development projects in Canada (Rainy River and Blackwater projects).

New Gold is committed to excellence in corporate social responsibility. We consider our ability to make a lasting and positive contribution to our host communities a key driver to achieving a productive and profitable business. At New Gold, we contribute to sustainable development by ensuring we have an understanding of the impacts of our activities on communities and the environment, and mitigating them. We apply this approach throughout the mine life cycle, from early exploration through development and operation, to decommissioning and mine closure.

TABLE OF CONTENTS

New Gold properties	1
Message from the President and CEO	3
2015 performance	4
Keeping our people healthy and safe	6
Being a part of our communities	8
Protecting the environment	13

2015 AWARDS AND CERTIFICATIONS

- 7th overall in the "Future 40 Most Responsible Corporate Leaders in Canada" by Corporate Knights (in 2016 New Gold is the top mining company on the list, ranked in 5th place)
- Recognized as one of the top five socially responsible mining companies by Maclean's/ Sustainalytics Top 50 Socially Responsible Corporations in Canada (investor research group specializing in Environment, Social and Governance metrics)
- John T. Ryan Health and Safety award for the lowest injury rate in British Columbia and the Yukon
- Corporate Energy Management Award for Canada Region from the Association of Energy Engineers
- International Energy Manager of the Year (to New Afton Energy Manager) from the Association of Energy Engineers
- Annual Safety Award – Large Underground Mines (more than 240,000 hours worked without a Lost Time Injury) from the Ministry of Energy and Mines
- ISO 14001 (Environmental Management)
- ISO 50001 (New Afton is the only mine in North America with Energy Management certification)
- International Cyanide Management Code (full recertification)
- Outstanding Business Award for Corporate Social Responsibility performance from the Canadian Chamber of Commerce in Mexico (CANCHAM)
- Socially Responsible Company from the Mexican Centre for Philanthropy (CEMEFI)
- Silver Helmet Award from the Mexican Mining Chamber National Safety Contest – Safe Company Level 3 (highest in Mexico)
- 5th place in the XIV National Competition for Mining Rescue Squads and First Aids
- ISO 14001 (Environmental Management)
- ISO 9001 (Quality Management) recertification
- International Cyanide Management Code (full recertification)
- Award for the Fort Bourke Lookout, in recognition of it being a key tourism location in Cobar (by TripAdvisor)

NEW GOLD PROPERTIES

NEW GOLD CURRENTLY OPERATES FOUR PRODUCING MINES AND TWO MAJOR DEVELOPMENT PROJECTS.

CORPORATE OFFICES

- Vancouver and Toronto, Canada
- Exploration Office, Denver, USA
- 67 employees, 3 contractors

NEW AFTON

- West of Kamloops, British Columbia (BC), Canada
- Operation (since 2012)
- 100% New Gold
- 418 employees, 25 contractors
- Underground copper, gold and silver mine

MESQUITE

- Imperial County, California, USA
- Operation (since 2008)
- 100% New Gold
- 310 employees, 41 contractors
- Open pit, run-of-mine, heap leach gold mine

CERRO SAN PEDRO

- Cerro de San Pedro, San Luis Potosí, Mexico
- Operation (since 2007)
- 100% New Gold
- 413 employees, 73 contractors
- Open pit, run-of-mine, heap leach gold and silver mine

PEAK MINES

- Shire of Cobar, New South Wales, Australia
- Operation (since 1992)
- 100% New Gold
- 283 employees, 30 contractors
- Underground gold and copper mine

RAINY RIVER PROJECT

- Northwestern Ontario, Canada
- Development Project
- 100% New Gold
- 119 employees, 24 contractors
- Open pit and underground gold and silver mine in development

BLACKWATER PROJECT

- Southwest of Vanderhoof, BC, Canada
- Exploration/Development Project
- 100% New Gold
- 13 employees, 6 contractor
- Open pit gold and silver mine



2015 OPERATIONAL HIGHLIGHTS

RECORD FULL-YEAR GOLD PRODUCTION AND DELIVERED A 15% INCREASE IN PRODUCTION OVER 2014.

TOTAL REVENUE	\$713 MILLION
GOLD PRODUCTION	435,718 OUNCES
COPPER PRODUCTION	100 MILLION POUNDS
SILVER PRODUCTION	1.9 MILLION OUNCES

MESSAGE FROM THE PRESIDENT AND CEO

I am pleased to report that in 2015 we met or exceeded the high standards of corporate responsibility we have set for ourselves. Congratulations to everyone at New Gold and to the community groups who have become our partners in building long-term, sustainable prosperity.

I have always believed that corporate responsibility is an ongoing effort, in which yesterday's achievements become a platform for tomorrow's improvements. With that in mind, I will provide an overview of our principles, our 2015 achievements and our track record since 2009, when New Gold completed its successful merger with Western Goldfields.

My retirement as CEO is approaching in June 2016, and I will continue to remain involved with the company in an advisory role subsequent to my retirement. As I reflect on our accomplishments, I am gratified that our outstanding growth record as a low-cost producer has been matched by enhancements in our internal systems for achieving our corporate responsibility goals. For example, we have implemented common standards for Health and Safety, Environment, and Community Engagement and Development across all our operations.

We have also implemented a Leadership Development program for employees based on corporate values that are essential for our success, such as integrity, innovation, creativity and teamwork. We are creating value while promoting the well-being of our employees, the communities where we operate, and the environment we live in.

OUR PRINCIPLES:

We are signatories of the United Nations Global Compact, and our policies and practices are guided by its principles with reference to human rights, labour standards, the environment and anti-corruption. Our standards are based on best practices and international guidance such as ISO 14001 (Environmental), OHSAS 18001 (Occupational Health and Safety), ISO 26000 (Social Responsibility), and the International Cyanide Management Code. As a member of the Mining Association of Canada ("MAC"), New Gold's operations adopt the MAC's Towards Sustainable Mining protocols.

Living up to our principles has led to third-party recognition. New Gold is proud to have been listed among Maclean's/Sustainalytics "top 50 socially responsible corporations in Canada" and among the "future 40 most responsible corporate leaders in Canada" by Corporate Knights.



EMPLOYEE HEALTH AND SAFETY

The starting point for all our achievements, including in the areas of social responsibility, is the health and safety of our employees. We seek to ensure that they are safe in their workplace and empowered in their career aspirations.

In 2015 New Gold achieved the best safety results in its history and, we believe, the best in the industry – as measured by our lost-time incident frequency rate and our total reportable incident frequency rate. I have never before worked for a company this safe.

This outstanding performance was followed by the numerous safety awards our operations have received over the years. These include the John T. Ryan Award for premier safety in mining, the Best Safety Culture in Canada, the PDAC A Safe Day Everyday Award, the Casco de Plata (Silver Hard Hat) safety award from the Mexican Mining Chamber, the British Columbia Certificate of Recognition, and the American Red Cross Real Heroes Award for safety in California. This is a tremendous cumulative record of accomplishment. As a company, we do not focus on winning awards, but it is gratifying when third parties recognize the efforts of our employees.

ENVIRONMENT

Wherever New Gold operates – in all stages of mining activity, from early exploration and planning, to commercial mining operations through to eventual closure – the company is committed to excellence in environmental management. Beginning with the earliest site investigations, New Gold carries out comprehensive environmental studies to establish baseline measurements for flora, fauna, earth, air and water. During operations, the company promotes the efficient use of raw materials and resources, and works to minimize environmental impacts and maintain robust monitoring programs. After mining activities are complete, New Gold’s objective is to restore the land to a level of productivity equivalent to its pre-mining capacity or to an alternative land use determined through consultation with local stakeholders.

2015 HIGHLIGHTS:

- New Gold had no major environmental incidents.
- Our New Afton Mine continued to be the only mine in North America with ISO 50001 Energy Management certification.
- We established an Independent Tailings Review Board for our Canadian operations, as part of our assurance program, and showed continued improvement of our systems against the Towards Sustainable Mining (TSM) Tailings Management Protocol. One of the challenges faced by our industry is ensuring the confidence of our stakeholders in our tailings facilities. We believe that, through constant communication, we can answer the questions that our host communities have every right to ask.
- Cerro San Pedro completed the reforestation program in the community of Monte Caldera.

Our strong 2015 environmental performance reflects the emphasis we have always put on protecting the environment. An example is the focus we have placed on meeting the highest standards of cyanide management at our operations where cyanide is used in the processing facilities. For example, in 2015, our Cerro San Pedro and Mesquite mines were fully recertified against the International Cyanide Management Code.

COMMUNITY ENGAGEMENT AND DEVELOPMENT

Guided by our Community Engagement and Development Standards, we are actively participating with the communities around our sites with a focus on contributing to their economic dynamism and social well-being. We believe making a lasting and positive contribution to sustainable development is a key driver to achieving a productive and profitable business. More than that, it is just the right thing to do.

Highlights:

- Since 2014, we have reached Participation Agreements with principal Aboriginal groups at the Rainy River project and are working on closing the final agreements in 2016. We are seeking to ensure we promote and facilitate opportunities for our partners in the areas of business development and employment. These efforts are already bearing fruit, with of our permanent workforce at Rainy River drawn from Aboriginal groups growing from 17% in December 2015 to 30% by March 2016.
- Cerro San Pedro continued to work with its local communities as we move toward closure by continuing to support an entrepreneurship program and a local fair to encourage small business. We expect great results from our entrepreneurial program so that the local communities retain a diverse and vibrant economy.

Let me take a moment to stress the importance of building mutually beneficial relations with our Aboriginal communities. Our record in this area has become an integral part of New Gold’s reputation in the industry and, in my observation, among prospective employees. It all began with our industry-leading Participation Agreement at New Afton, which served as an example of success for our relations with Aboriginal groups at Blackwater, where we signed successful Exploration Agreements, and now at Rainy River. We have invited delegations of indigenous groups from each site to meet their counterparts at other sites in Canada. Truly, our track record has become a calling card for us wherever we operate.

As a growth company, and with Rainy River next up in our development list, New Gold can never rest on its laurels when it comes to corporate responsibility. We have built a great principles-based company, where employees take our core values to heart. There is more to do, both in continuing our excellent track record at our operations and honouring the great local welcomes we have received at Rainy River and Blackwater. As I continue to remain involved with the company in an advisory role in 2016 and beyond, I will continue to take a keen interest in our corporate responsibility performance. I have every confidence that we have the right team in place and a culture of commitment among our employees, which will help us build on our success as a responsible mining company.

Yours truly,



Robert Gallagher
President and Chief Executive Officer

2015 PERFORMANCE

2015 CORPORATE RESPONSIBILITY SUMMARY REPORT


This is a summary of the 2015 New Gold Corporate Responsibility Report. The full report is prepared in accordance with Global Reporting Initiative (GRI) G4 Core Level, and is available at www.newgold.com. GRI G4 guides us to identify and report on material topics – those of greatest interest and importance to our business and to our communities of interest. While this summary provides an overview of these topics and our performance in 2015, the full report provides information that is more complete about the identified priorities.

This information in this summary covers the assets illustrated in the map of our properties. Data has been compiled across all sites, except when noted otherwise. All dollar amounts are in United States dollars (US\$) unless otherwise noted.



SCORECARD 1: CORPORATE GOVERNANCE

PRIORITIES	2015 TARGET	2015 PERFORMANCE	2016 TARGET
 <p>POLICIES, STANDARDS AND GUIDELINES</p>	<ul style="list-style-type: none"> Finalize the New Gold Closure Standard. Maintain full International Cyanide Management Code (ICMC) certification at Mesquite and Cerro San Pedro mines. 	<ul style="list-style-type: none"> ✔ Achieved. Standard now incorporated into New Gold Environmental Standards. ✔ Achieved. Mesquite and Cerro San Pedro have retained compliance. 	<ul style="list-style-type: none"> Revise and implement any changes to the New Gold Health and Safety Management Standard. Maintain full International Cyanide Management Code (ICMC) certification at Mesquite and Cerro San Pedro mines.


SCORECARD 2: OUR PEOPLE

PRIORITIES	2015 TARGET	2015 PERFORMANCE	2016 TARGET
 <p>OCCUPATIONAL HEALTH AND SAFETY</p>	<ul style="list-style-type: none"> Achieve 0.15 Lost-Time Injury Frequency Rate (LTIFR). Achieve a 5% reduction compared to 2014 on Total Reportable Injury Frequency Rate (TRIFR). 	<ul style="list-style-type: none"> ✔ Achieved 0.03 LTIFR, which was a 90% improvement compared to 2014. ✔ Achieved 1.86 TRIFR, which was a 27% improvement compared to 2014. 	<ul style="list-style-type: none"> Achieve 0.13 LTIFR (25% reduction of the three-year rolling average for LTIFR). Reduce TRIFR by 5% at each operation.

SCORECARD 3: COMMUNITY ENGAGEMENT AND DEVELOPMENT

PRIORITIES	2015 TARGET	2015 PERFORMANCE	2016 TARGET
 <p>ENGAGEMENT</p>	<ul style="list-style-type: none"> Develop Community Engagement and Communications Plan for Rainy River mine operations. 	<ul style="list-style-type: none"> ✔ Achieved 	<ul style="list-style-type: none"> Advance the implementation of the New Gold Community Engagement and Development Standard to 30%.
 <p>FEEDBACK AND COMPLAINTS</p>	<ul style="list-style-type: none"> Develop feedback mechanism for the Rainy River project. 	<ul style="list-style-type: none"> ✔ Achieved 	<ul style="list-style-type: none"> No target defined for 2016.

SCORECARD 4: ENVIRONMENTAL PERFORMANCE

PRIORITIES	2015 TARGET	2015 PERFORMANCE	2016 TARGET
 <p>WATER</p>	<ul style="list-style-type: none"> Complete gap analysis against the New Gold Water Stewardship Standard at all sites. 	<ul style="list-style-type: none"> ✔ All sites self-assessed against the New Gold Water Stewardship Standard. 	<ul style="list-style-type: none"> Implement action plan to address gaps at site level against New Gold Water Stewardship Standard and obtain A-level across all indicators.
<p>WASTE MANAGEMENT</p>	<ul style="list-style-type: none"> Achieve Towards Sustainable Mining A-level for all New Gold sites with tailings storage facilities. 	<ul style="list-style-type: none"> ✘ A-level achieved at New Afton. Peak Mines achieved A-level for all except one indicator (no formal management review). 	<ul style="list-style-type: none"> Towards Sustainable Mining target reset for 2016. Conduct Independent Tailings Review Board meetings at all Canadian sites.

KEEPING OUR PEOPLE HEALTHY AND SAFE

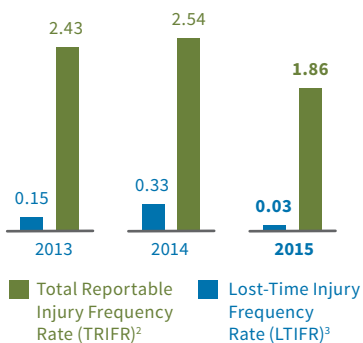
Our people are the core of our success and we depend on skilled, hard-working and empowered employees to contribute to our business. We are committed to upholding fair employment practices and encouraging a diverse workforce, where people are treated with respect and supported to realize their full potential.

We are committed to promoting and protecting the well-being of our employees and the communities surrounding our operations, through safety-first work practices and a culture of safety excellence. Systems are in place for health assessments and ongoing monitoring and surveillance programs to evaluate and mitigate risks. We are devoted to leading industry practices and systems in health and safety that focus on preventing accidents and incidents.

In 2015, our operations and projects reached the following health and safety milestones:

- Blackwater Project: three years with no Lost-Time Injuries and two years with no Total Reportable Injury (i.e., no medical treatment or alternate work duty due to injury)
- Cerro San Pedro: two years with no Lost-Time Injuries (with over three million hours worked)
- Rainy River: two years with no Lost-Time Injuries
- New Afton: one year with no Lost-Time Injuries (with over one million hours worked)
- Mesquite: one year with no Lost-Time Injuries

INJURY FREQUENCY RATES



1. New Gold acquired control of Rainy River in August 2013. Rainy River statistics are included from August 2013.
 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.
 3. 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.



In 2015, New Gold achieved unprecedented health and safety performance results. We achieved our lowest injury frequency rate and incident numbers for Lost Time Injuries (LTI), Reportable Injuries (TRI), Injury Severity and High Potential Incidences. With only one Lost Time Injury in 2015, we are a gold mining industry leader in health and safety performance.

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MESQUITE'S SAFETY STRATEGY FOR EMERGENCY PREPAREDNESS AND RESPONSE



Emergency preparedness and response are essential aspects of Mesquite's safety strategy. We are diligent in our planning efforts so that we may appropriately respond to emergencies should they arise. The Mesquite Incident Command Management Team participates in tabletop exercises for a simulated high-risk incident annually. These exercises are critical to test our local emergency response system and capabilities and to test how we interact with the Corporate Crisis Management Team.

Mesquite's Mine Emergency Response Team (MERT) is also tested quarterly with simulated drills. This year the training focus was on building evacuations, firefighting and extrication of persons from light vehicles using our "Jaws of Life" equipment. The Mine Emergency Response Team trains monthly to ensure skills stay sharp and the team is ready to respond in the event of an emergency. We have 17 members on our Mesquite MERT who are distributed amongst our four rotating crews. Training of these members includes use of "Jaws of Life", confined space extrication, general emergency response, advanced CPR, firefighting, and SCBA (self-contained breathing apparatus).

2015 TARGET

2015 PERFORMANCE

2016 TARGET

OCCUPATIONAL HEALTH AND SAFETY

Achieve 0.15 Lost-Time Injury Frequency Rate (LTIFR).

✓ Achieved 0.03 LTIFR, which was a 90% improvement compared to 2014.

Achieve 0.13 LTIFR (25% reduction of the three-year rolling average for LTIFR).

Achieve a 5% reduction compared to 2014 on Total Reportable Injury Frequency Rate (TRIFR).

✓ Achieved 1.86 TRIFR, which was a 27% improvement compared to 2014.

Reduce TRIFR by 5% at each operation.

We make sure procedures and resources are in place to respond effectively to potential crisis and emergency situations. Every New Gold mine and project maintains highly trained and equipped emergency response teams who have taken the internationally recognized Incident Command System (ICS) training.

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BEING A PART OF OUR COMMUNITIES

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While our company builds and operates mines as our core business, we strive to understand the impacts our operations may have on local communities, and the opportunities that we can provide for long-term development. These impacts and opportunities are often a catalyst for improved quality of life and sustainable development.

ENGAGING WITH OUR HOST COMMUNITIES

The New Gold Community Engagement and Development Standards guide us to identify our communities of interest, effectively engage and sustain dialogue, and report on performance. They also drive us to look for further opportunities to improve our processes and performance.

In 2015, all New Gold sites hosted regular engagement activities, which allowed us to better understand our community impacts and any issues related to our activities, and to collaborate to find opportunities for the communities and the company.

In 2015, each site also compiled a register of Significant Social Risks. This register contains the main social risks for each site and allows corporate representatives to test the adequacy and effectiveness of controls as well as emergency preparedness and mitigation measures associated with those greatest potential risks.



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



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TRAINING LOCAL AND HIRING LOCAL AT RAINY RIVER



One of the highlights of the Rainy River project in 2015 was the graduation of 11 students from our in-house training program, the Surface Miner Aboriginal Trainee Program. Equally exciting is that this pilot program was organized and funded by New Gold and four Aboriginal communities: Big Grassy First Nation, Métis Nation of Ontario, Naicatchewenin First Nation and Rainy River First Nations. This collaboration resulted in an exciting opportunity to use our collective knowledge to design a comprehensive program, which develops students – who have no previous mining experience – into surface miners in a matter of just seven weeks!

Through a combination of classroom learning and hands-on experience, the 11 students, all of whom are now New Gold employees, are safely and confidently working on-site on either production drills or haul trucks. We are proud of this accomplishment!

This training program has been a huge success and we look forward to developing more collaborative programs in the future. We recognize that the strength of our teams comes from individuals and communities working together.

2015 TARGET

2015 PERFORMANCE

2016 TARGET

ENGAGEMENT

Develop Community Engagement and Communications Plan for Rainy River mine operations.

✔ Achieved

Advance the implementation of the New Gold Community Engagement and Development Standard to 30%.

FEEDBACK AND COMPLAINTS

Develop feedback mechanism for the Rainy River project.

✔ Achieved

No target defined for 2016.

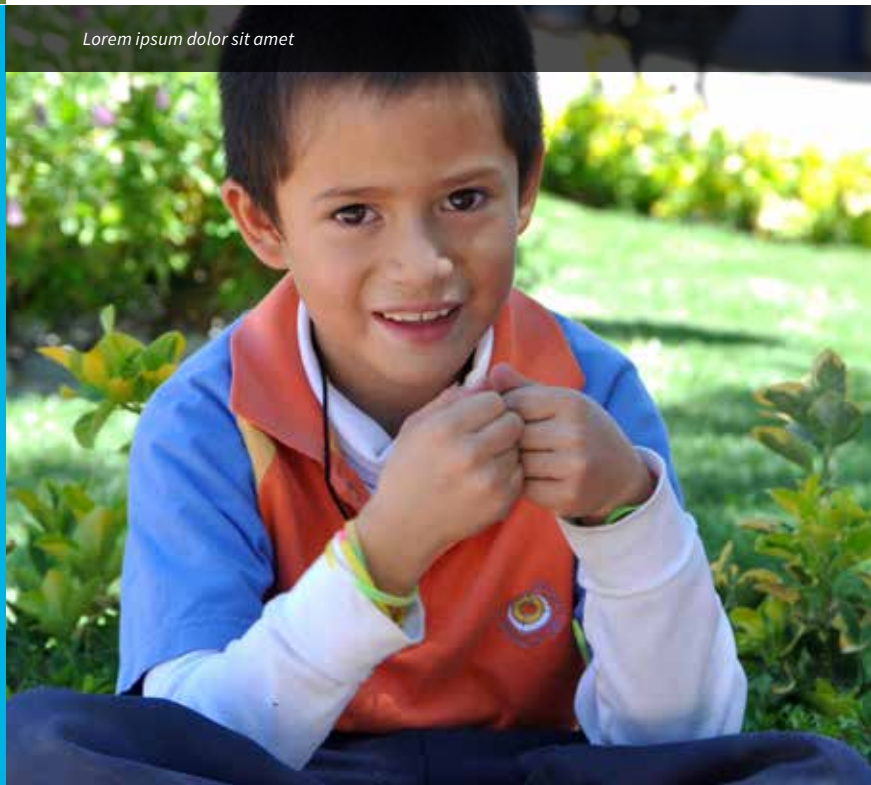
CERRO SAN PEDRO HONORED WITH PRESTIGIOUS AWARDS

In 2015, Cerro San Pedro was honored with two significant and prestigious awards:

- The Outstanding Business Award for our Corporate Social Responsibility performance in 2015 by the Canadian Chamber of Commerce in Mexico (CANCHAM); and
- The Socially Responsible Company of 2015, awarded by the Mexican Centre for Philanthropy (CEMEFI) for the sixth year in a row.

These are particularly impressive as the nominees come from all industry sectors, and are of all sizes. They represent recognition of our good corporate practices, including the safety and well-being of our workforce, corporate ethics, relationship with surrounding communities and environmental stewardship.

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BEING A PART OF OUR COMMUNITIES



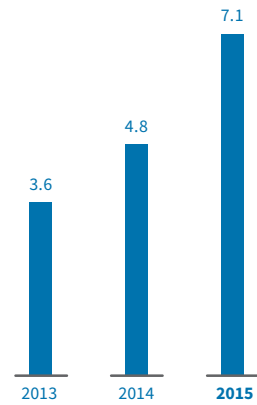
CONTRIBUTING TO SUSTAINABLE COMMUNITY DEVELOPMENT

Our economic contributions benefit communities and regions and come in many forms. In 2015 our investments in community infrastructure, scholarships, developing local entrepreneurship, capacity building, and economic diversification were of over \$7million. In addition, we strive to source our services and supplies locally. This is a powerful tool for creating direct and indirect economic benefits for local communities.

In 2015, approximately \$162million of our expenditures was made locally, and our international suppliers accounted for less than 4% of our procurement spending. For example, 40% of Rainy River payments for services and supplies were made to local business controlled by Aboriginal groups.



COMMUNITY INVESTMENTS* (In millions of dollars)



* Community Investments are 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 and non-profits, payments associated with agreements with Aboriginal groups, community infrastructure development and direct costs of social programs.

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BEING A PART OF OUR COMMUNITIES

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PREPARING FOR CLOSURE AT CERRO SAN PEDRO: PROVIDING ACCESS TO RELEVANT TRAINING AND IMPLEMENTING A SUSTAINABLE DEVELOPMENT PLAN

We integrate social responsibility into our operations as we see it adding real value to our company. We work hard at building trust and being a good neighbour. We collaborate with our communities to enhance sustainability and maximize the benefits of our presence, by promoting entrepreneurship and providing capacity building.

As we approach our phased mine closure at Cerro San Pedro, we want to ensure that our legacy is a positive one concerning the environment and the sustainability of the communities surrounding our site. In 2015 we implemented a detailed plan for workforce reductions and redeployment, as we draw closer to the cessation of mining activities. To ensure the effect on our people was minimized during this difficult transition, we implemented several initiatives, including training programs and workshops developed by local public and private institutions. Our objective is to maximize the creation of opportunities for our employees and local residents in order to minimize any negative impacts as we transition to a post-closure phase.

The workshop “Yo Emprendo”, a partnership with the Monterrey Institute of Technology and Higher Education, is a good illustration of our collaborative work. This capacity-building component of our Community Entrepreneurship Development Program delivers training designed to develop entrepreneurship, creativity, innovation and business education. Over 70 local residents attended the workshop during 2015, including members of our workforce and surrounding community who were considering starting new businesses.

Another part of our Community Entrepreneurship Development Program is the establishment and support for the “Desarrollo Cerro San Pedro” – a community team whose sole aim is to assist in the development and support of small business activities within the communities. This group was formed by volunteers from within the communities surrounding the mine site and was facilitated by New Gold with guidance from Sustainable Economic Futures (SEF) Canada. In its first nine months of operation, this project has been responsible for the creation of at least one new business, four business expansions, provision of 17 jobs, and assistance to over 100 local people. This is just the start!

Other education courses and workshops provided training in budgeting and financial planning, computer skills, automotive mechanics, and electrical and plumbing certification. Community members and employees have also developed new skills and knowledge, as they learn about conflict resolution through mediation and human rights training.

For our employees, our outplacement plan has offered a set of preparation courses to assist in expanding aptitudes for job searching, interviews and leadership, as well as exploring different employment sources for opportunities.

We are proud of our achievements to date and confident that our activities will play a role in cultivating a legacy of long-lasting positive impact.



In 2015, New Gold generated significant direct and indirect economic value in our host communities. Payments for employee wages and benefits in 2015 were approximately \$137 million. We also invested over \$7 million in community initiatives, a 42% increase from 2014 and the most we have ever invested in a single year.

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BEING A PART OF OUR COMMUNITIES

ANISHINAABE ENGAGEMENT: TEACHINGS ABOUT FIRST NATIONS AND MÉTIS PEOPLE AT THE RAINY RIVER PROJECT SITE

Being respectful to one another is an important value at New Gold. A culturally inclusive environment requires awareness, and New Gold cultivates an atmosphere where diversity is embraced.

Anishinaabe Engagement is one of the fundamental programs for all New Gold Rainy River project employees. Anishinaabe Engagement is an all-encompassing interactive session developed by a local partnership between Onikaajigan Inc., a 100% owned and operated local Aboriginal business, and Seven Generations Education Institute, an Anishinaabe education organization that encompasses the traditional education process and blends culture, tradition, information and technology into teachings. It is led by local Aboriginal Anishinaabe teachers and elders. Designed to immerse individuals in the fascinating and rich culture, history and teachings of First Nations and Métis people, this program is specific to those First Nations and Métis groups who are partners and neighbours of the Rainy River project.

To many people, including those who have lived in the area for their entire lives, the experience is an educational practice that teaches an untold and sometimes silenced story. The sessions cover history before the arrival of Europeans through to the present. Specific topics include the residential school system, cultural practices, legislation, and most importantly, what this history and knowledge means to everyone who works at the Rainy River project. Anishinaabe Engagement is more than just information; it is a communication tool that delivers on our New Gold values of developing our employees and leveraging our collective skills through teamwork.

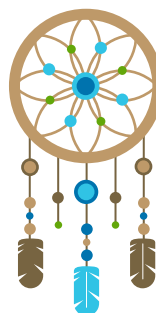
Most importantly, Anishinaabe Engagement enhances our understanding and respect for those we work with each day and those of our surrounding First Nations communities.

PARTNERING WITH ABORIGINAL COMMUNITIES

When it comes to collaborating with our local Aboriginal groups, we seek to engage early and meaningfully and to reach mutual agreements that reflect an understanding of the history of the area and its traditional uses. We aim to reach agreements that contribute to economic dynamism and social welfare and address the needs, concerns and aspirations of our local Aboriginal communities. Our approach is to be respectful and inclusive as we work to understand the goals and values of the Aboriginal people in our areas of exploration, development and operation.

New Afton is an example for Rainy River, and now Rainy River can be a model for Blackwater. One great illustration of this is the five-day tour we organized together with our communities from Blackwater, for them to visit our Rainy River site and the local communities. The objective was to provide our guests with the opportunity to form their own understanding and impressions of a mine under construction, based on first-hand experiences. They were able to witness the potential physical impacts and the opportunities associated with social and economical development.

Our New Afton and Rainy River sites collectively spent approximately C\$70 million on services and supplies provided by business owned or controlled by local Aboriginal communities in 2015. To identify opportunities in procurement and work with Aboriginal business owners to make their ventures more sustainable over time, we hired business development managers both at New Afton and Rainy River to support the diversification of services and client base as a way to build economic resiliency and avoid dependency.



During 2015, at our Rainy River site, \$50.3 million out of a total of \$126.6 million, or, 40% of our procurement expenditures was applied towards business opportunities created with our Aboriginal partners. At the end of December 2015, 17% of our Rainy River workforce was composed of Aboriginal people. As the site continues to grow, the percentage of Aboriginal members in its workforce continues to increase – it grew to 24% in January 2016 and to 30% in March 2016.

ENVIRONMENTAL RESPONSIBILITY

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All New Gold sites strive to protect the quality of the land, water and air, and to comply with all relevant environmental laws and regulations. New Gold sites must internally report and rank notable environmental events regardless of their regulatory significance.

With a proactive risk management approach to safeguard the environment and reduce our impacts, New Gold promotes the efficient use of raw materials and resources during our operations, through reusing and recycling where possible. New Gold uses robust monitoring programs to minimize environmental impacts – including surface and groundwater as well as air quality. New Gold’s aim during mine closure is to restore the land to a level of productivity equivalent to its pre-mining capacity or to an alternative land use determined through consultation with local communities of interest including local aboriginal communities and regulatory authorities.

Our environmental management system is based on internationally recognized standards. They serve to guide site-level management systems to ensure that site operations identify and appropriately manage their environmental aspects; adopt a consistent approach to identifying and controlling environmental risks; report progress through audits and assessments; and adopt a high level of environmental stewardship.

2015 TARGET

2015 PERFORMANCE

2016 TARGET

WATER

Complete gap analysis against the New Gold Water Stewardship Standard at all sites.

✔ All sites self-assessed against the New Gold Water Stewardship Standard.

Implement action plan to address gaps at site level against New Gold Water Stewardship Standard and obtain A-level across all indicators.

WASTE MANAGEMENT

Achieve Towards Sustainable Mining A-level for all New Gold sites with tailings storage facilities.

✘ A-level achieved at New Afton. Peak Mines achieved A-level for all except one indicator (no formal management review).

Towards Sustainable Mining target reset for 2016.

Conduct Independent Tailings Review Board meetings at all Canadian sites.

Among the 2015 performance highlights: our New Afton Mine continued to be the only mine in North America with ISO50001 Energy Management certification; our new Independent Tailings Review Board was implemented at our Canadian sites; and, our Cerro San Pedro and Mesquite mines were recertified against the International Cyanide Management Code.

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PROTECTING THE ENVIRONMENT

ACCOMMODATING FOR BIODIVERSITY AT MESQUITE MINE: OUR TEMPORARY VISITORS, THE HAWKS

At Mesquite Mine we are committed to maintaining and enhancing biodiversity. In March 2015, we had the opportunity to put into practice one of the requirements of the *Migratory Bird Treaty Act*, which offers federal-level protection of listed birds and their eggs from any harm or harassment. After a pair of red-tailed hawks was noticed occupying a nest within an active mining area, we quickly took action by withdrawing mining equipment from the area to create a buffer zone around the nesting area to ensure the birds were not disturbed by our mining activity.

We immediately engaged a specialist biologist to perform periodic visits to the site and track the birds' activities. During the first week of April, a chick was seen in the nest, and by the middle of May, the young bird was estimated to have 75% of its first-year plumage. It was not until the end of May that the juvenile hawk was seen flying around the nest area. Our biologist returned to the site in the first week of June and confirmed that the hawk had fledged and the nest was deserted. At that time, the buffer zone around the nest was removed and normal mining operations in that area were allowed to resume. While the hawks are long gone, the area now retains the name "Hawk Island". The successful fledging of this hawk demonstrates Mesquite's commitment to relevant laws, biodiversity and environmental responsibility.



BIODIVERSITY

At New Gold, we take active measures to protect and support at-risk species and implement reclamation and conservation efforts, often through trusted partners such as local universities and environmental non-governmental organizations. We have implemented the TSM Biodiversity Management Protocol, which requires the establishment of Biodiversity Management Plans across our operations. Where we have identified at-risk species at our sites, we have put management plans and/or procedures in place to ensure adequate management of these species.

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PROTECTING THE ENVIRONMENT

Long-billed curlew at Napier Lake Ranch Conservation Area.

BIODIVERSITY AND WILDLIFE: INSPIRING CITIZENS TO PROTECT THE ENVIRONMENT AT NEW AFTON

In 2014, New Afton started a partnership with Earth Rangers, a Canadian children's conservation organization dedicated to educating children and families about biodiversity, and empowering them to become directly involved in protecting animals and their habitats. In 2015, we were able to see the positive impacts resulting from this association and to continue this initiative by again sponsoring their school program in Kamloops, British Columbia.

The School Outreach Program, as described by Earth Rangers, "consists of a high quality, curriculum-linked assembly, which uses positive, science-based information to educate students about the importance of protecting biodiversity, while highlighting a variety of conservation initiatives across Canada. Through the power of live animal demonstrations and exciting audience interaction, the program inspires students, and motivates them to become actively involved in protecting the environment."

The result, in addition to demonstrating the importance of biodiversity protection, is to increase children's engagement and leave them with the knowledge that we all have the power to make a difference. The program also focuses on Canada's national parks, showing students the beauty of the many natural landscapes right here in our own country. It showcases numerous national parks from coast to coast, while highlighting past and present accomplishments in Canadian conservation.

The agenda includes the many species found within our national parks and their unique habitats, and encourages students to get outdoors to enjoy what the parks have to offer. Earth Rangers identify the School Outreach Program as one of the most powerful ways of connecting large numbers of students with conservation.

Through New Afton's sponsorship in 2015, 12 schools held exhibitions and 2,926 children participated in the Earth Rangers program. Since New Afton implemented this initiative, 1,188 students from Kamloops have joined the Earth Rangers Membership Program and are now engaging, with their families, in Earth Rangers ongoing education and conservation activities.



Responsible Closure at Cerro San Pedro: The Cerro San Pedro Mine is the first New Gold mine to go through a planned closure process. We are taking this opportunity to build on industry best practices and create a model for socially responsible, integrated closure.

RECLAMATION AND CLOSURE PLANNING

We start planning for a mine's closure when the mine is still at the design stage. Each of our mines has obtained regulatory approval for its closure rehabilitation plans which are revised and updated regularly throughout the mine's life to ensure physical and chemical stability of the waste material and structures that will be left behind. The closure planning includes restoring the land to a level of productivity equivalent to its pre-mining capacity wherever possible or to an alternative land use determined through consultation with regulators and local stakeholders.

In 2015, 19 hectares of land were reclaimed within our sites (about a 15% increase from 2014). This included a wide range of activities such as seeding, replanting, subsidence work of filling or capping mine-shafts, and removal of contaminated material.

In 2015 we exceeded the Cerro San Pedro reforestation goal by 5.5% by reforesting 393.3 hectares within the local community. Every year, as part of our Reforestation Campaign, our employees joined forces with the communities to fulfill our commitment to protect the environment. We launched our campaign by planting five thousand trees with 500 volunteers. Moreover, we are currently working towards our overall target of producing or acquiring one million plants during the life of our mine. To date, we have produced almost 714,000 plants in our nurseries; that is over 71% of the goal we set. Of the plants in our inventory, almost 122,000 are cacti, which are protected by Mexican Official Standards.

Our Peak Mines has also put a considerable effort into this aspect at two rehabilitation sites, Gladstone and Silver Peak, using small water absorption banks to make the most of the area's limited rainfall.



PROTECTING THE ENVIRONMENT

ENERGY AND EMISSIONS MANAGEMENT

During 2015, New Gold executives and selected corporate staff took part in an Energy Assessment Workshop at which the highest levels of the organization rated our current energy management processes and decided on improvements that would become part of the New Gold Corporate Energy Management Strategy. This Strategy is expected to be completed and implemented during 2016. We expect this to drive energy management and efficiency across the New Gold operations and embed energy savings into our culture, with benefits for our competitiveness and for the environment.

Across the organization, we reduced the consumption of propane and natural gas, however diesel use increased by 12% overall. This was mainly due to the impact of construction at Rainy River. Excluding Rainy River, the operating sites experienced a 7% reduction in diesel use, with Peak Mines (9%) and Cerro San Pedro (14%) showing significant reductions that more than offset increases at Mesquite and New Afton.

TAILINGS MANAGEMENT

New Gold observes and fulfils the Tailing Management protocol from Towards Sustainable Mining – the Mining Association of Canada’s commitment to responsible mining. New Afton Mine in particular has seen excellent improvement in its ratings for tailings management in 2015.

In 2015, we implemented our first Independent Tailings Review Board (ITRB) and had our first meeting at the New Afton site. The ITRB provides an independent, third-party review of all technical aspects of the tailings storage facilities operated by New Gold.

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In 2015 the New Afton Mine had very good results from its efforts to reduce minor tailing spills at valves and pipes along its tailing pipes and infrastructure, with an outstanding 84% reduction on externally reportable spills and a 93% reduction on total tailing spills when compared to 2014. This was achieved by consistent implementation of critical assessment and predictive and preventive maintenance.

PROTECTING THE ENVIRONMENT

Eagle flies over the Mesquite Mine.

INDEPENDENT TAILINGS REVIEW BOARD: STRENGTHENING CONFIDENCE IN OUR STAKEHOLDERS

During 2015, following the Mount Polley tailings incident in British Columbia, from a mining company unrelated to New Gold, we looked for ways to provide assurance both internally and to our communities of interest that our tailings storage facilities are safe from similar incidents or any other condition that may cause a similar incident. New Gold understands that if a similar incident were to occur at any of our sites, this would not only have the potential to negatively impact our neighbours and surrounding environment, but it would also have a negative impact on our reputation, both now and into the future. We work hard to ensure that our employees, Aboriginal partners and surrounding communities are satisfied that we design, operate, monitor and close our tailings storage structures in a way that prevents adverse environmental impacts.

New Gold started the process of incorporating Independent Tailings Review Boards prior to the recommendations from the Mount Polley Independent Expert Panel Report. Independent Tailings Review Boards provide our facilities with periodic peer review by experts on all aspects of design, construction, operations, surveillance and management of tailings facilities. New Gold held its first Independent Tailings Review Board meeting at New Afton during 2015 and has scheduled meetings at our Rainy River and Blackwater operations during 2016.

Coupled with our routine dam safety audits, routine internal audits and reviews, as well as the annual Towards Sustainable Mining Tailings Management protocol verification and assessment, these meetings form an important part of our assurance program, providing comfort both internally and to our communities of interest that we design, maintain, operate and close our facilities in the most responsible manner.

Operating mines in a sustainable manner is the right thing to do, ethically; and the only way to do business successfully.

ENVIRONMENTAL MANAGEMENT COMMITTEE: RESULTS OF ENVIRONMENTAL INTEGRATION AT PEAK MINES



In 2014, we established an Environmental Management Committee (EMC) in conformance with our New Gold Environmental Management Standards, to provide support for the site Environmental and Social Responsibility (ESR) department. This committee ensures that all of our employees understand that they have responsibility for the environmental aspects of our business, not solely the ESR department. Through this committee, we aim for integration of environment and social responsibility within our business, performance improvement and achievement of excellence in environmental management. When forming the EMC, it was important to ensure diversity by having representation from all of our main departments, such as operational areas and support services, in addition to the involvement of employees from various levels in the organization, including management and the workforce.

It has not taken long for the positive outcomes to become apparent. Various hazards have been identified, ideas have been raised and solutions to environment-related issues have been adopted. Having participation from different departments has been vital to ensuring ownership of the issues and, importantly, that operators' solutions are considered.

The EMC has been instrumental in reinforcing the importance of environmental lead indicators to reduce environmental risks and hazards before they become incidents. In 2015, the Peak Mines EMC created a new lead indicator as a method to increase hazards reported by departments. "Hazard Walkabouts" were designed to help the workforce identify and address environmental hazards specific to their areas. Members of the ESR team visit different departments and walk through their work areas to help them detect potential environmental vulnerabilities. The workers then determine ways to mitigate any hazards and minimize risks. The Walkabouts also enforce to the whole workforce that we all contribute to making a cleaner, safer environment and that our activities can potentially have consequences for our local communities.



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