

# BUILDING OUR SHARED FUTURE

2016 CORPORATE  
RESPONSIBILITY REPORT

newgold™



## NEW GOLD VALUES

We are a company with a strong set of values and we use these values to guide everything we do.

### INTEGRITY: DO WHAT IS RIGHT

- Ensure safety in all we do
- Be honest, trustworthy and ethical
- Demonstrate environmental and stakeholder responsibility

### CREATIVITY: LEAD WITH INNOVATION

- Seek continual improvement
- Implement positive change
- Encourage creative thinking
- Be bold

### COMMITMENT: DELIVER

- Do what we say we are going to do
- Be accountable and take personal responsibility
- Agree on goals and measure results
- Be persistent in the pursuit of our goals

### EMPLOYEE DEVELOPMENT: COMMIT TO PERSONAL DEVELOPMENT

- Maintain regular constructive dialogue on job performance
- Ensure a development plan for everyone
- Provide access to relevant training

### TEAMWORK: LEVERAGE OUR COLLECTIVE SKILLS

- Recognize that the whole is greater than the sum of its parts
- Work to common goals
- Maintain trust
- Respect one another
- Leverage individual contributions

## ABOUT NEW GOLD

New Gold is an intermediate gold mining company. The company has a portfolio of four producing assets and two significant development projects. The New Afton Mine in Canada, the Mesquite Mine in the United States, the Peak Mines in Australia and the Cerro San Pedro Mine in Mexico (which transitioned to residual leaching in 2016) provide the company with its current production base. In addition, New Gold owns 100% of the Rainy River and Blackwater projects, located in Canada.

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 to be a key driver toward 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 local 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.

New Gold is a signatory to, and business participant member of, the United Nations (UN) Global Compact. We joined the UN Global Compact because we share its principles on human rights, labour standards, care for the environment and anti-corruption. These principles guide our corporate policies and management standards, and set the framework for our Code of Business Conduct and Ethics.

New Gold believes in positively contributing to the mining industry and actively engages in collaborative initiatives to improve the industry's environmental and social performance. As part of this commitment, New Gold is a member of the following organizations:

- World Gold Council
- Mining Association of Canada
- Prospectors and Developers Association of Canada
- Mining Innovation Council
- Mining Association of Ontario
- Mining Association of British Columbia
- Mexican Mining Chamber
- Canadian Chamber of Commerce in Mexico
- American Exploration and Mining Association in the United States
- Business for Social Responsibility
- International Cyanide Management Code

We regularly contribute to strategic and communication efforts from organizations such as Mining Innovation Council and Genome BC. Since 2015, we have been an active participant and a sponsor of the Coalition for Energy Efficient Comminution (CEEC), which aims at improving energy and cost outcomes in comminution (the reduction of mineral ore to small particles).

A description of New Gold's participation in industry associations and other organizations is available in the [Appendix](#).



### 2016 Operational Highlights

- Full-year gold production of 381,663 ounces
- Copper production of 102 million pounds
- Operating expense of \$640 per gold ounce and \$1.14 per copper pound

## ABOUT THIS REPORT

New Gold's 2016 Corporate Responsibility Report provides a review of our performance and a comprehensive summary of our achievements and challenges related to health and safety, environmental management, community engagement, community development and governance during the 2016 calendar year. This report can be fully or partially downloaded and printed [here](#).

This report is written for a broad range of communities of interest, including New Gold employees and their families, contractors, local Indigenous communities, host community members, suppliers, environmental organizations, governments, the financial and investment communities, and current and potential investors in New Gold's shares, bonds and warrants.

This report covers all sites under our direct management. Tables and figures represent a compilation of information from all New Gold mines and projects unless otherwise noted.

Financial results are audited annually and reported on a quarterly basis, in accordance with legal requirements for publicly traded companies. Please refer to New Gold's [Management's Discussion and Analysis and Annual Financial Review](#), which are available on our website. When appropriate, certain financial performance information is included in this report to reflect direct and indirect impacts of our activities in the communities where we operate. All dollar amounts are in U.S. dollars unless otherwise noted.

## MEETING A GLOBAL STANDARD FOR REPORTING

This is our ninth sustainability report and third report developed according to the recently enhanced [Global Reporting Initiative \(GRI\) G4 Guidelines](#). The GRI is an independent institution that sets voluntary guidelines for sustainability reporting. We believe that adhering to these guidelines demonstrates our commitment to transparency, clarity and comparability in reporting. This report was prepared in accordance with the GRI G4 Guidelines – option Core. The [GRI Content Index](#) provides the list of general standard disclosures and performance indicators that we are reporting on this year and gives directions on where the data or information can be located in this report.

In 2016, GRI released the GRI Standards. The GRI Standards contain all of the main content and disclosures from the G4 Guidelines – no new topics have been added. The GRI Standards will be in effect after July 2018 and we expect to fully adopt it for the 2017 report which will be published in early 2018.

New Gold relies on an internal assurance review process to verify that the data reported by the mine sites for GRI indicators is accurate, consistent and in accordance with the standards set out in the GRI G4 Guidelines. We have applied for the GRI Materiality Disclosures Service, which verifies that, at the time of publication, adequate General Standard Disclosures G4-17 to G4-27 were located in both the Content Index and in the text of the final report.

## IDENTIFYING MATERIAL TOPICS (GRI G4-18)

The GRI identifies a wide range of topics that may be relevant to ensuring and measuring sustainability. According to the GRI, each organization is responsible for identifying the set of topics it considers “material” for its own operations and the level of compliance it seeks to achieve in the reporting period. Guidance is provided by the GRI’s G4 [Sustainability Reporting Guidelines – Implementation Manual](#). We have also used the [AccountAbility’s Five-Part Materiality Test](#) as reference for this assessment.

In 2016, we once again reassessed the selection of material topics for New Gold. For the purposes of this report, material topics are those which reflect the effect the organization has on the economy, environment and society; or which substantively influence the assessments and decisions of communities of interest.

The New Gold materiality review process includes: materiality assessments conducted independently at each site, consolidation through a company-wide assessment performed at the corporate level, validation by the New Gold executive team and approval by the President and CEO.

At each site, the materiality assessment is based on an analysis of issues, concerns and interests identified through their community engagement activities, a review of local trends and media, as well as the individual site’s own focus on governance, environment, health and safety, employment practices, community engagement and community development.

The company-wide review included the consideration of a media review and engagement with industry associations as well as other relevant organizations, such as GRI, World Gold Council, International Council for Mining and Metals, Sustainalytics and Corporate Knights. We also included the consideration of topics that were brought to us through focused engagement with three independent third-party advisors in the areas of social performance, Indigenous peoples and environmental/tailings management and mine closure – as well as the Vice President for Sustainable Development of the Mining Association of Canada. This external, independent perspective and input has been very valuable for our materiality assessment and well as for strategic planning and goal setting.

As a company, we are increasingly aware of and sensitive to geopolitical events, global trends and the importance of our business in the broader context of global sustainable development, and our materiality assessment also considered national and international landmark events and/or developments such as the ongoing Truth and Reconciliation efforts in Canada, the United Nations Sustainable Development Goals (2015) and the Paris Accord (2016).

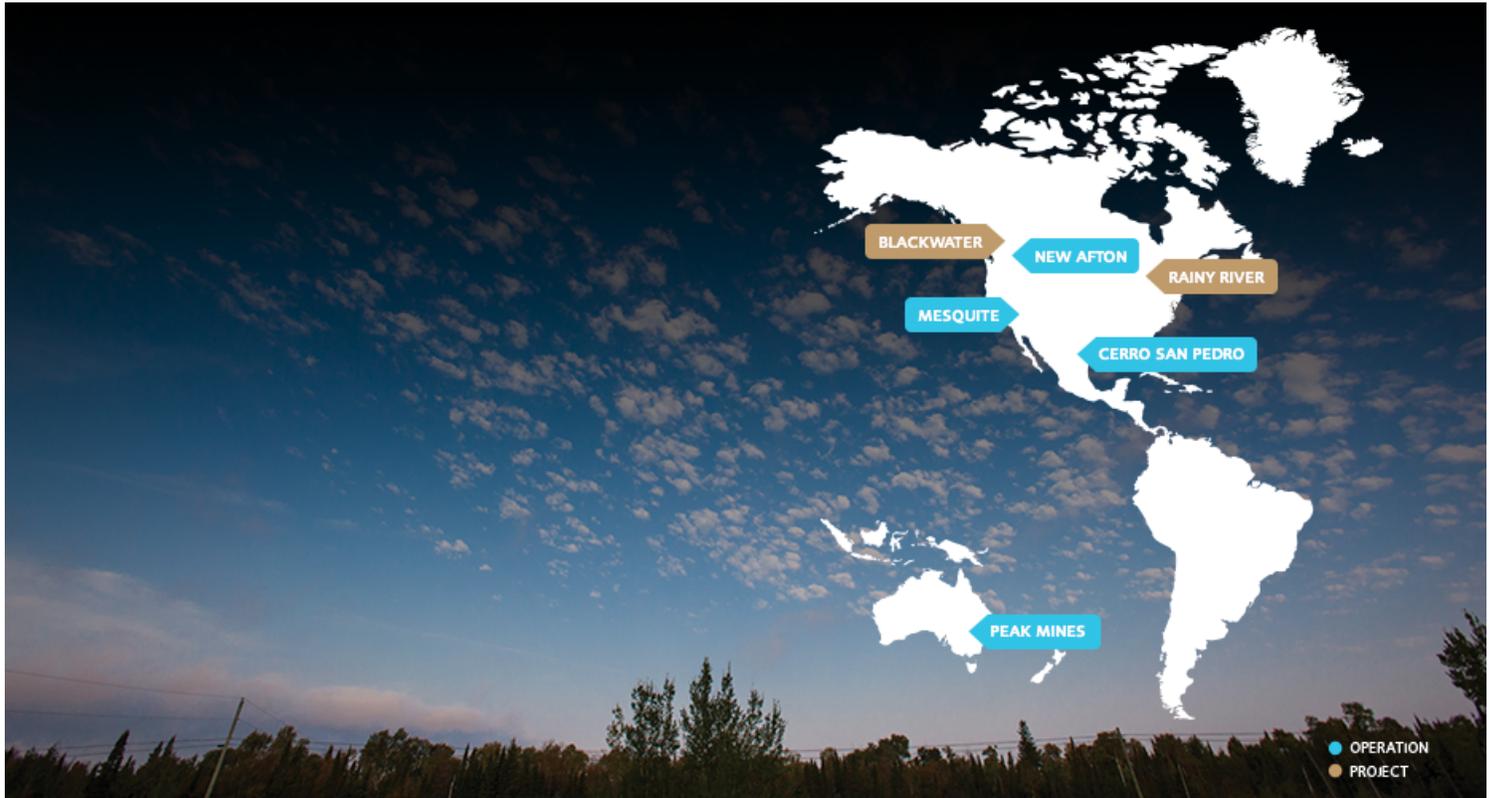
This report focuses on material topics identified across the company. Targets for these topics are inserted in the performance scorecards in this report. The list of material topics for 2016 includes (GRI [G4-19](#)):



Our material topics list is updated regularly through engagement with our communities of interest. This assists us in designing and implementing initiatives aimed at continuous improvement in the identified areas. A table detailing the indicators and boundaries of the material topics using the GRI G4 Framework is available in the Appendix.

## NEW GOLD PROPERTIES

New Gold currently operates four producing mines and two major development projects.



### Locations

#### CORPORATE OFFICES

Toronto, Canada  
65 employees

### 2016 Awards

New Gold is, for the fourth time, the top ranking mining company, and 9th ranked company overall, in the Future 40 Most Responsible Corporate Leaders in Canada by [Corporate Knights](#) – which recognizes Canada's emerging sustainability leaders from small to mid-cap corporations.

Locations

2016 Awards

NEW AFTON MINE

West of Kamloops, British Columbia (BC),  
Canada

Operation (since 2012)

100% New Gold

422 employees

Underground copper, gold and silver mine

2016 Annual Mine Safety Award Winner for Large Underground  
Mines

John T. Ryan Safety Award for Metal Mines for the lowest accident  
frequency in British Columbia and Yukon for the third consecutive  
year

MESQUITE MINE

Imperial County, California, USA

Operation (since 2008)

100% New Gold

307 employees

Open pit, run-of-mine, heap leach gold mine

CERRO SAN PEDRO MINE

Cerro de San Pedro, San Luis Potosí, Mexico

Operation (since 2007)

100% New Gold

149 employees, 1 contractor

Residual leaching

For the seventh consecutive year, recognized by the Mexican  
Center of Philanthropy (Centro Mexicano para la Filantropía, A.C. -  
CEMEFI) as a Socially Responsible Company (ESR, for its  
abbreviation in Spanish).

For the fourth consecutive year, received the Mexican Mining  
Chamber Casco de Plata (Silver Helmet) award for the safest open  
pit mine in the country with over 500 employees.

PEAK MINES

Shire of Cobar, New South Wales, Australia

Operation (since 1992)

100% New Gold

285 employees

Underground gold and copper mine

RAINY RIVER PROJECT

Northwestern Ontario, Canada

Development project

100% New Gold

327 employees

Open pit and underground gold and silver mine in development

BLACKWATER PROJECT

Southwest of Vanderhoof, BC, Canada

Exploration/Development project

100% New Gold

12 employees, 1 contractor

Open pit gold and silver project

## MESSAGE FROM THE PRESIDENT AND CEO

### BUILDING OUR SHARED FUTURE

We experienced some significant changes and challenges and delivered important achievements. 2016 also marked the start of my role as President (and CEO in January 2017) after seven years leading New Gold's corporate development and investor relations teams, including most recently as Executive Vice President of Business Development with added responsibility for human resources and exploration.

Under my leadership, Corporate Social Responsibility will remain a top priority at New Gold. At all of our sites – whether at Rainy River, where we are building a mine with first production scheduled for this fall, or at Cerro San Pedro, where we are entering a phased closure – we are working with our local communities, suppliers and partners to build our shared future, a future of success and prosperity. For example, the Cerro San Pedro Mine (CSP) transitioned from active mining to residual leaching in June 2016. While we continue to produce gold and silver from the leaching process, the Integrated Mine Closure program, based on best practices in the management of environmental, human resources and social/community aspects of closure, continues to deliver as we strive to exceed legal requirements and invest in local infrastructure and local capacity.

From a geopolitical perspective, 2016 was also one of the most tumultuous years in our recent past. The Brexit vote, the U.S. Presidential election, and a rise in anti-establishment sentiment have had a profound impact not just on politics and society but also on capital markets. At New Gold, we are increasingly aware of global trends and current challenges impacting our society and our industry. We have included the consideration of landmark events and developments such as the Truth and Reconciliation efforts in Canada (ongoing), the United Nations Sustainable Development Goals (2015) and the Paris Accord (2016) in our review of materiality, strategic planning and risk management. We are working to identify how we can adapt and contribute to these through our work at our sites in collaboration with our partners and peers.

### OUR VALUES AND PRINCIPLES

New Gold is a values-based company and we apply our values in everything that we do. 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. All these standards continue to guide our practices and our strategy as we identify material topics and set short- and long-term goals.

Corporate Knights 2017  
**FUTURE40**  
Responsible Corporate Leaders in Canada

## **STRATEGIC PRIORITIES IN REGARDS TO SUSTAINABILITY**

In 2016, we established five-year Environmental and Social Responsibility goals under the five pillars of the New Gold Strategic Framework: Health and Safety, Operational Execution, Disciplined Growth, People, Environment and Social Responsibility. The identified goals were mapped against the United Nations Sustainable Development Goals (SDGs), as we explore how our work can contribute to achieving the SDGs.

## **EMPLOYMENT PRACTICES**

At New Gold, we recognize that our people are our greatest asset. In 2016, we saw many of our team members depart from permanent employment at our CSP Mine due to our transition from active mining to residual leaching. Gradual closure of CSP started in 2015 when we began the phased slowdown of mining activities and reducing our workforce – all the while working closely with employees, contractors, suppliers and local community members to increase social capital, diversify skills, certify for trades and facilitate local entrepreneurship.

## **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 the last few years, New Gold has worked diligently to ensure safety procedures and site standards are in place and work practices are performed in a safe manner with minimal risk.

In 2016 New Gold once again achieved excellent safety results. Rainy River achieved 4 million man hours without a Lost Time Injury (LTI) and New Afton achieved two years LTI free. CSP received, for the fourth consecutive year, the Mexican Mining Chamber Casco de Plata Award for the safest open pit mine in the country with over 500 employees. For the third consecutive year, New Afton won the John T. Ryan Safety Award for Metal Mines for the lowest accident frequency in British Columbia and Yukon.

New Afton is also the 2016 winner of the British Columbia Annual Safety Award for Large Underground Mines.

## **ENVIRONMENT**

Our consistently strong environmental performance reflects the emphasis we have always put on protecting the environment and human health at all our operations. Several aspects of environmental management are critical to our communities of interest and to our business. The way we manage cyanide, water, tailings, biodiversity, energy and greenhouse gas emissions is particularly significant to our local and global communities of interest.

Water, for example, is critical to our communities as well as to our business, as we develop and operate mines in climates that vary from dry to very wet. In all instances we work conscientiously to conserve and recycle water and to use it efficiently. We have also consistently worked to improve the programs and systems to protect the quality of water sources that we may affect with our operations. In 2015, we established the New Gold Water Stewardship Standard, and all of our mines are working diligently to implement its tenets. In 2016, we commenced reporting on our performance and management approach to water through the Carbon Disclosure Project (CDP) Global Water Disclosure.

## COMMUNITY ENGAGEMENT AND DEVELOPMENT

At New Gold, we believe that respectful and meaningful dialogue with communities and making a lasting and positive contribution to sustainable development go beyond a moral imperative and are key drivers to achieving a productive and profitable business. All New Gold mines and projects actively engage with the local communities and strive to be a contributor to their economic and social well-being. Our Participation Agreements at New Afton and Rainy River provide a framework for dialogue and ensure communities benefit from opportunities such as employment, training and contracting associated with our operations.

As an example, our permanent workforce at Rainy River was 80% local by the end of 2016, and its Aboriginal workforce grew from 17% in 2015 to over 36% in the last year. At New Afton, 25% of our employees are Aboriginal and 79% are from the local area.

## LOOKING FORWARD

We have an exciting year in front of us. We started the year with significant changes in our leadership and are working hard to make these transitions as smooth as possible. In 2017, we will be working towards executing our updated Rainy River plan and continuing to deliver operationally while maintaining our focus on the well-being and health and safety of our people, the environment, and social responsibility. I would like to thank our employees, contractors and partners for their support, as well as the contributions made each and every day that contribute to New Gold's success.

Yours truly,

A handwritten signature in black ink, appearing to read 'Hannes Portman', with a long horizontal flourish extending to the right.

Hannes Portman  
President and Chief Executive Officer

## **BUILDING OUR SHARED FUTURE** **SOCIAL RESPONSIBILITY**

We believe best practices in corporate social responsibility are vital to maintaining the positive reputation that New Gold has achieved, and drive the way we contribute to sustainable development. By acting ethically and with integrity we are able to make responsible decisions that decrease risks to our employees and contractors, minimize impacts on the environment and benefit the local communities for years into the future.

New Gold's Health, Safety, Environment and Corporate Social Responsibility (HSE & CSR) Policy describes our commitments in these areas and is reinforced by our [Code of Business Conduct and Ethics](#), [Anti-Bribery and Anti-Corruption Policy](#) and [Human Rights Policy](#). In 2016, we kept working on continual improvement and adoption of leading industry practices, in accordance with the commitment to our New Gold HSE & CSR Policy. This Policy, implemented throughout our operations and projects, supports a management system framework consistent with:

- The United Nations Global Compact
- The International Cyanide Management Code
- ISO 14001 (Environmental Management System)
- ISO 26000 (Social Responsibility Standard)
- OHSAS 18001 (Occupational Health and Safety Management System)
- The Mining Association of Canada's Towards Sustainable Mining Initiative

Every New Gold site follows company-wide principles and commitments regarding health and safety, environmental and social responsibility as well as ethical behaviour. We have developed and fully implemented three internal management standards: Health and Safety, Environment, and Community Engagement and Development. These standards are based on best practices and international standards. In 2015, we added two new standards for incorporation into our internal management systems: Mine Closure and Water Stewardship. In 2016, we added the Acid Rock Drainage standard.

Each standard specifies regular reviews including internal and external audits. These audits include verification of the Toward Sustainable Mining (TSM) protocols, which are part of our management standards. TSM verification in operations in Canada is a Mining Association of Canada membership requirement. At New Gold, all operations perform regular verification against TSM protocols irrespective of their location. Measuring performance through regular audits is an important way to ensure our standards are properly implemented and performance is continuously improved. Individual mines may also maintain site-specific policies and processes to ensure compliance with local regulations or other commitments.

New Gold has been recognized as an industry leader for its excellence in social responsibility. In 2016, New Gold is, for the fourth time, the top ranking mining company, and ninth ranked company overall in the Future 40 Most Responsible Corporate Leaders in Canada by [Corporate Knights](#), which recognizes Canada's emerging sustainability leaders from small to mid-cap corporations. For the past seven years, the Cerro San Pedro Mine has been recognized by the Mexican Center of Philanthropy (Centro Mexicano para la Filantropía, A.C. - CEMEFI) as a Socially Responsible Company (ESR, for its abbreviation in Spanish). In 2015, Cerro San Pedro obtained the prestigious award, Outstanding Business Award COBA 2015, under the Socially Responsible Company category, granted by the Canadian Chamber of Commerce in Mexico (CANCHAM).

Our vision is to continue to be a leader in the area of social responsibility, recognized for excellence in health and safety, environment and community engagement and development.

## **SOCIAL RESPONSIBILITY STRATEGIC PRIORITIES**

In 2016 our Environmental and Social Responsibility team completed a five-year Strategic Plan, identifying goals under the pillars of the New Gold Strategic Framework: Health and Safety, Operational Execution, Disciplined Growth, People, and Environment and Social Responsibility. Targets we identified for 2017 in each of the five pillars are described in our performance scorecards in this report.

Our goals were also mapped against the United Nations Sustainable Development Goals (SDGs) – which were identified in 2015 to end poverty, protect the environment, and ensure prosperity for all as part of a new sustainable development agenda. We did this cross matching to explore how our work contributes to the broader aims of the SDGs.

The table below includes the five-year goals under the Environmental and Social Responsibility pillar and the SDGs we believe we will be contributing to.

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Contribute to sustainable development by: maximizing long-term benefits through strategic community investments, local procurement, development of sustainable business, and local employment and training.

- SDG 1: End poverty in all its forms everywhere
- SDG 4: Ensure inclusive and quality education for all and promote lifelong learning
- SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all
- SDG 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation
- SDG 10: Reduce inequality within and among countries
- SDG 11: Make cities inclusive, safe, resilient and sustainable

Continue to develop, refine and implement management systems across our operations as the platform for continual environmental and social performance improvement.

- SDG 6: Ensure access to clean water and sanitation for all
- SDG 13: Take urgent action to combat climate change and its impacts
- SDG 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Continually increase transparency in engagement with Communities of Interest and through public reporting

- SDG 16: Promote just, peaceful and inclusive societies
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Our Environmental and Social Responsibility goals are integrated into business planning across the company. We intend to continue to report on how our strategic priorities and annual targets are aligned with the SDGs.

## SCORECARD 1: CORPORATE GOVERNANCE

PRIORITIES	2016 TARGET	2016 PERFORMANCE	2017 TARGET
 <b>TRANSPARENCY</b>	n/a	n/a	Publish 2016 corporate responsibility report in accordance with GRI G4 SDG 16
	n/a	n/a	Publicly report payments to government through the Extractive Sector Transparency Measures Act (ESTMA). SDG 16
 <b>POLICIES, STANDARDS AND GUIDELINES</b>	Revise and implement any changes to the New Gold Health and Safety Management Standard.	Achieved.	Establish guidelines for Aboriginal Business Contracts at Canadian sites. SDG 16 SDG 8 SDG 10
	Maintain full International Cyanide Management Code certification at Mesquite and Cerro San Pedro Mines.	 Achieved.	Maintain full International Cyanide Management Code certification at Mesquite and Cerro San Pedro mines. SDG 15 SDG 6

 **ACHIEVED**    
  **NOT ACHIEVED**    
  **PARTIALLY ACHIEVED**

SDG = SUSTAINABLE DEVELOPMENT GOAL

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

The Board of Directors has responsibility for the overall stewardship of the conduct of New Gold's business. The Board's fundamental objectives are to enhance and preserve long-term shareholder value and to ensure that the company continues to meet its obligations and operate in a safe and reliable manner on an ongoing basis.

Details regarding members of the Board and New Gold's governance practices are described in the Board of Directors and Corporate Governance sections of our website at [www.newgold.com/company/corporate-governance/default.aspx](http://www.newgold.com/company/corporate-governance/default.aspx).

New Gold's Compensation Committee is responsible for assisting the Board of Directors in approving and monitoring guidelines and practices with respect to compensation. This includes reviewing corporate goals and objectives relevant to executive compensation. Our corporate goals include matters related to health, safety, environment and corporate social responsibility, which directly impact the compensation paid at all levels of the organization.

The HSE & CSR Committee is a Committee of the Board that reviews and monitors the company policies and activities related to health, safety, environment and corporate social responsibility on behalf of the Board. The Committee may investigate any activity of the company that relates to sustainable development, community development, environment, or health and safety.

At the corporate level, the Health and Safety, Environment and Social Responsibility (HSE&SR) Department has responsibility for related initiatives, targets and performance. The HSE&SR Department is led by a Director, and includes the Environment and Social Responsibility Manager and the Health and Safety Manager. Each site is supported by professionals in these disciplines to ensure sites operate in a manner that respects the expectations of our communities of interest.

## **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 and the broader communities where we operate, through safety-first work practices and a culture of occupational health and 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 occupational illness, accidents and incidents.

### **Employment Practices**

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.

### **Community Engagement and Development**

We are committed to establishing relationships with our host communities, based on trust, mutual benefit and active engagement, to positively contribute to local communities and their economic and social development.

### **Environment**

We are committed to minimizing impacts as well as 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 best practices into our business operations and decision-making processes. In observation of the [Voluntary Principles on Security and Human Rights](#) and as a signatory to the [United Nations Global Compact](#)

(UNGC), we are committed to reflecting the UNGC's 10 principles relating to human rights, labour, the environment and anti-corruption in our business operations.

We consider key human rights concerns to include non-discrimination, freedom of association and collective bargaining, and security practices. We have systems in place to ensure employees and contractors are familiar with and abide by the requirements of [New Gold's Code of Business Conduct and Ethics](#) and [Human Rights Policy](#).

New Gold's Code of Business Conduct and Ethics reflects the principles by which we conduct our business. All employees of New Gold and its subsidiaries must review the Code of Business Conduct and Ethics and confirm their personal compliance annually. In 2015, New Gold adopted an enhanced Anti-Bribery and Anti-Corruption Policy (the ABAC Policy) designed to promote compliance with applicable anti-bribery laws and ethical business practices, support transparency and mitigate the risk of corruption. Along with adopting the ABAC Policy, New Gold continued to bolster its ABAC compliance program by developing comprehensive procedures and controls applicable to our business around the world. All New Gold employees are trained on New Gold's ABAC compliance program.

Our Whistleblower Policy is designed to prevent, detect, investigate and remediate any unethical behaviour within the organization. The policy includes contact information for an independent third party to whom any employee can communicate a concern or complaint in confidence, with the assurance that there will be no negative consequences for the employee related to reporting and that the issue will be investigated.

## CONFLICT-FREE GOLD

New Gold produces 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. We are a committed member of the [World Gold Council](#) and support its efforts to eliminate unethical gold production and increase transparency of gold mining companies. The [Conflict-Free Gold Standard](#), released in late 2012, is an industry-led approach to combat the potential misuse of mined gold to fund violence and armed conflict.

For the fourth consecutive year, we have been provided with a statement of assurance from an external auditor that confirms we have the processes in place to ensure that our operations do not cause or support conflict, human rights abuses or breaches of international law. A report and the statement of assurance can be found at <http://www.newgold.com/corporate-responsibility/Conflict-Free-Gold-Report/default.aspx>.

The Conflict Free Gold Standard requires different levels of assessment based on the level of conflict in the area where gold production takes place. Our operations in Australia, United States and Canada are in areas not considered a conflict zone or a zone of high-risk of conflict as determined by the Annual Conflict Barometer published by the Heidelberg Institute for International Conflict Research. The Cerro San Pedro Mine is located in San Luis Potosi, a state of Mexico, which has been identified by the Conflict

Barometer as a zone of no violent conflict for the last three years. Because at a country level, Mexico has been identified at the highest level of conflict, we have, for the last three years, conservatively carried out a very detailed comparison of our practices at Cerro San Pedro against the Conflict-Free Gold Standard. In 2016, following the start of the gradual closure of the mine and consequent reduction in gold production, our approach has been to perform a level of assessment similar to those applied at our operations in Canada, USA and Australia. We continually monitor the Conflict Barometer's assessment of San Luis Potosi and other jurisdictions where we operate and conduct the adequate level of assessment based on the Conflict Free Gold Standard requirements.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

New Gold maintains standards and processes to make certain that relevant legal, regulatory and other health, safety, environment and social responsibility requirements are identified, understood and complied with. New Gold has never had any legal actions against the company for anti-competitive behaviour.

## **PUBLIC POLICY**

As a global mining company, New Gold is affected by evolving public policy wherever it operates. In particular, mining-related policy and tax policy can impact the viability and the profitability of our sites. Evolving policy and regulations, including in areas such as the environment, health and safety, and Indigenous rights and title, can also have significant implications for the way we manage our business. New Gold seeks to engage with decision makers either directly, or as a member of a relevant association so that these policies achieve their intended objective and are implementable at site level.

As a Canadian company, New Gold contributes to the development of sound Canadian public policy through participation in the Mining Association of Canada and the Prospectors and Developers Association of Canada. We are also active members of the Mining Association of British Columbia and the Mining Association of Ontario. These associations regularly facilitate engagement with government and regulators with regard to policies that may affect the mining industry. In the United States and Mexico, we participate in public policy issues through local mining industry organizations. All sites maintain regular dialogue with local regulatory authorities.

## **BUILDING OUR SHARED FUTURE: OUR PEOPLE**

### **EMPLOYMENT PRACTICES**

Our people are the core of our success and we depend on skilled, hard-working and empowered employees to contribute to our business.

We strive to be an employer of choice, and to create a culture of collaboration, inclusiveness and acceptance at all levels of the organization, through hiring, promotion and worker-to-worker relationships. In all jurisdictions where we operate, we comply with local employment laws. We adhere to the principles of the United Nations Global Compact and are committed to fair and equitable employment practices throughout our operations.

We are dedicated to providing opportunities to maximize local employment, and our Rainy River project and New Afton Mine are great examples, with the majority of employees being residents of the local area and active members of the community. Our Participation Agreements with local Aboriginal communities near our Canadian operations also provide employment and training opportunities.

### **EMPLOYEE DEVELOPMENT**

One of New Gold's core values is to develop our employees. This means employees receive regular feedback on their job performance and an individualized development plan that supports them in reaching their full potential. We require our directors, employees and contractors to understand their accountabilities and demonstrate leadership and commitment to sustainable development through effective health, safety, environment and social responsibility management. Personal performance related to health, safety, environmental and social responsibility is considered in allocation of bonuses as well as in career progression.

### **WORKPLACE DIVERSITY AND INCLUSION**

New Gold has an inclusive approach that respects diversity and a zero-tolerance policy with respect to discrimination on illegal grounds, and verbal, physical and sexual harassment.

The global mining industry faces significant challenges in increasing the participation of women in its workforce. Historically women have had lower participation rates than men in mining-related education programs and occupations, as well as in executive positions in this sector.

New Gold supports gender diversity in the workplace and ensures that gender plays no factor in salary and bonus calculations, but we recognize that recruiting and retaining women at our sites is a challenge for us as well. Gender diversity has been identified as a topic of significance for our sector and for our company. In 2015 our first female Director joined the New Gold Board of Directors. Across our company, women represent 14% of our direct employees.

The Cerro San Pedro Mine is an excellent example of our efforts to ensure we are an inclusive employer. The operation was recognized in 2009 as an “Inclusive Company” by the State Government of San Luis Potosí for its employment of seniors and people with disabilities, and has been endorsed as a “Socially Responsible Company” by the Mexican Center for Philanthropy every year since 2010. In 2013 and 2014, Cerro San Pedro was also recognized by the Mexican Ministry of Labour with the designation of “Family Responsible Company”.

## **COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION**

At all New Gold operations, workers enjoy the right to freedom of association as provided by applicable labour laws. We strive to include all levels of employees in decision-making processes and have not experienced strikes or lockouts at our operations to date.

On December 31, 2016, approximately 42% of Cerro San Pedro employees – 4% of New Gold’s employees – were covered by a collective bargaining agreement.

## BUILDING OUR SHARED FUTURE: HEALTH AND SAFETY

Safety in all we do is one of our key values, and we are committed to excellence in this area. At New Gold, we are dedicated to protecting our employees through safety-first work practices and promoting a culture of well-being.

We support our employees’ right to refuse unsafe work; report all incidents, hazards and near misses; and participate in programs that enhance their health, safety and well-being. Joint Occupational Health and Safety Committees at all of our sites serve to ensure that workers and contractors are able to raise health and safety issues to mine management. Incidents and near misses are reported, investigated and analyzed so that corrective and preventive actions can be taken to minimize the risk of recurrence.

### PERFORMANCE IN 2016

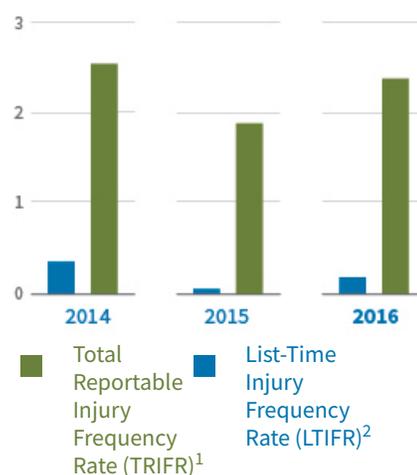
In 2016 New Gold sites were able to achieve impressive safety milestones and accomplishments. Even though we did not fully reach the targets we set for 2016, we continued to achieve strong results through very challenging times, notably a closure process and construction of a greenfield mine in northern Ontario. Our operations and projects reached the following health and safety milestones:

- Blackwater project: four years with no Lost-Time Injuries and two years with no Total Reportable Injuries (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: three years with no Lost-Time Injuries
- New Afton: two years with no Lost-Time Injuries (with over two million hours worked), and reduced Total Reportable Injury Frequency Rate by 8%
- Peak reduced its Total Reportable Injury Frequency Rate by 10%
- There were no significant regulatory fines or orders regarding health and/or safety non-compliance in 2016

#### We also received the following awards:

- New Afton received the BC Annual Safety Award for Large Underground Mines and for the third consecutive year, the John T. Ryan Safety Award for Metal Mines for the lowest accident frequency in British Columbia and Yukon.

### INJURY FREQUENCY RATES



1. Total Reportable Injury Frequency Rate (TRIFR) is the number of injuries per 200,000 hours worked.  $(\text{Lost-Time Injuries} + \text{Medical Treatment Injuries} + \text{Restricted Duties Injuries}) \times 200,000 \text{ hours} \div \text{total hours worked}$ .
2. Lost-Time Injury Frequency Rate (LTIFR) is the number of lost-time injuries per 200,000 hours worked.  $(\text{Lost-Time Injuries} \times 200,000 \text{ hours}) \div \text{total hours worked}$ .

- Cerro San Pedro was recognized with the Casco De Plata (Silver Helmet) Award for the safest open pit mine in the country with over 500 employees the fourth consecutive year.

We credit the sites' outstanding accomplishments to our collective effort towards prioritizing safety and focusing on prevention and corrective actions. We believe training is a vital part of our success. Health and safety training, including emergency response training, is critical at all New Gold sites and is reviewed regularly for continuous improvement. Our Health and Safety Standard requires that sites dedicate at least 1.25% of working hours to health and safety training. In 2016, approximately 92,000 hours of safety training were achieved across our sites – about 1.5% of total working hours. Training content ranged from health and safety orientations and emergency response, to specific hazards such as confined spaces and Joint Occupational Health and Safety Committee training.

Our emergency response team members develop skills in first aid, evacuation, spill control and firefighting, as well as other site-specific emergency skills. In order to protect rescue workers, teams are regularly trained and conduct exercises and external competitions in a broad range of scenarios to maintain a high level of readiness and expertise.

In accordance with our Health and Safety Standard, audits and assessments were conducted at all operations in 2016 according to a schedule of internal peer review or third-party audits. We are implementing the resulting recommendations with a particular focus on new processes to enhance safety performance across the organization.

# SCORECARD 2: OUR PEOPLE

PRIORITIES	2016 TARGET	2016 PERFORMANCE	2017 TARGET
 <p>OCCUPATIONAL HEALTH AND SAFETY</p>	Achieve 25% reduction of the three-year rolling average for Lost-Time Injury Frequency Rate (LTIFR).	 Not Achieved. We achieved a 2% reduction of the three-year rolling average for Lost-Time Injury Frequency Rate (LTIFR).	Achieve 20% reduction of the three-year rolling average for LTIFR across the operations. SDG 3
	Reduce Total Reportable Injury Frequency Rate (TRIFR) by 5% at each operation.	 Partially Achieved. Peak and New Afton reduced TRIFR by 8% and 10% respectively.	Achieve 5% reduction of the three-year rolling average for Total Reportable Injury Frequency Rate (TRIFR) at each operation. SDG 3

 **ACHIEVED**    
  **NOT ACHIEVED**    
  **PARTIALLY ACHIEVED**

SDG = SUSTAINABLE DEVELOPMENT GOAL

## OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE<sup>1,2,3</sup>

	2014	2015	2016
Lost-Time Injuries (LTI)	8	1	5
Lost-Time Injury Frequency Rate (LTIFR) <sup>4</sup>	0.33	0.03	0.16
Total Reportable Injuries (TRI) <sup>5</sup>	62	52	72
Total Reportable Injury Frequency Rate (TRIFR) <sup>6</sup>	2.54	1.86	2.36
Total number of employees and contractors <sup>7</sup>	2,125	1,825	1,569

1. All Injury Frequency Rate (AIFR) is the number of all injuries per 200,000 hours worked.

2. Rainy River's statistics are included from August 2013, dating from the project's acquisition by New Gold. A similar table detailing these performance indicators by site is available in the Appendix.

3. Injuries include both trauma and occupational diseases.

4. Lost-Time Injury Frequency Rate (LTIFR) is the number of lost-time injuries per 200,000 hours worked.  $\text{Lost-Time Injuries} \times 200,000 \text{ hours} \div \text{total hours worked}$ .

5. Total Reportable Injuries (TRI) includes LTI, Restricted Duties Injuries and Medical Treatment Injuries.

6. Total Reportable Injury Frequency Rate (TRIFR) is the number of injuries per 200,000 hours worked.  $(\text{Lost-Time Injuries} + \text{Medical Treatment Injuries} + \text{Restricted Duties Injuries}) \times 200,000 \text{ hours} \div \text{total hours worked}$ .

7. Includes permanent and defined term employees and contractors at all sites and offices, as well as the corporate exploration team.

## JOINT OCCUPATIONAL HEALTH AND SAFETY COMMITTEES

At New Gold, we consider Joint Occupational Health and Safety Committees (JOHSCs) a critical element of a well-functioning health and safety system. These committees are advisory bodies that help to raise awareness of health and safety issues in the workplace. JOHSCs are in place at each of our sites and are composed of worker and management representatives who embody all employees and contractors, and are committed to improving health and safety performance at our sites. The JOHSCs regularly participate in audits and conduct site inspections, identify potential issues, and make recommendations for the improvement of sites' health and safety systems.

## EMERGENCY RESPONSE

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 emergency response teams comprised of individuals who have taken the internationally recognized Incident Command System (ICS) training. New Gold sites hold regular emergency response and crisis management exercises and drills. All site-based emergency response activities are supported by the New Gold Corporate Crisis Management Plan, which meets international standards and best practices.

## TRAINING

Health and safety training, including emergency response training, is critical at all New Gold sites and is reviewed regularly for continuous improvement. Our Health and Safety Standard requires that sites dedicate at least 1.25% of working hours to health and safety training. In 2015, approximately 81,384 hours of safety training were achieved across our sites. Training content ranged from health and safety orientations and emergency response, to specific hazards such as confined spaces and Joint Occupational Health and Safety Committees training.

Our emergency response team members undergo training in first aid, evacuation, spill control and firefighting, as well as other site-specific emergency skills. In order to protect rescue workers, teams are regularly trained and conduct exercises and external competitions in a broad range of scenarios to maintain a high level of readiness and expertise.



### "Silver Helmet" Safety Award at Cerro San Pedro

Once again, the Cerro San Pedro Mine has been acknowledged as a "Safe Company of Third Level" – the highest level of recognition – by the Federal Secretary of Labor and Social Security. This is due to the company's good practices in worker safety, and remarkable achievement of more than a thousand days worked with no lost time incidents due to incidents, an accomplishment very few mines in Mexico have achieved. As a result, Cerro San Pedro was awarded with the prestigious prize "Casco de Plata" (Silver Helmet), for the fourth consecutive year. This is an award granted each year by the Mexican Mining Chamber, CAMIMEX, recognizing the company as the safest open pit mining unit in the country, operating with over 501 employees.

We continue to be proud of the successes of Cerro San Pedro as a leader in health and safety in Mexico.



## Health and Safety High Achiever – New Afton Mine

New Afton Mine had an excellent year in terms of safety performance in 2016. On December 28th, 2016 the site celebrated a new milestone of 2 years and over 2 million hours, with zero lost time injuries. This achievement would not have been possible without the commitment to safety from the Joint Occupational Health & Safety Committee (JOHSC), as well as our employees and contractors. In order to recognize this milestone, the Management Team presented each worker and long-time contractor with an award.

Effective hazard awareness and control was identified as a top priority for New Afton, and will continue to be throughout 2017. We believe that with the right people and proper training, we will continue to be a safe working environment. In 2016, the Health & Safety department was able to provide training and information to the workforce on a number of key hazard recognition related topics, from Musculoskeletal Injury Prevention training to Incident Command System (ICS) training.

In addition to these initiatives, the Contractor Safety Management program was reviewed by various key stakeholder departments and improved with the objective being a 10% reduction in the contractor and supplier Total Reportable Injury Frequency Rate (TRIFR). New Afton commenced this new program in March 2016, delivering many improvements to site access authorization, orientation, Contractor Project Manager responsibilities, and contractor safety requirements. These improvements have led to an outstanding year-end TRIFR of only 1.49, which is a great improvement from the 2015 rate of 1.62.

A final achievement to be noted for the year of 2016 is the completion of the first internal Certificate of Recognition (COR) audit through the British Columbia Maritimes Employer Association (BCMEA). This audit included New Gold's Corporate office, Blackwater Project, and the New Afton Mine Operation. Upon conclusion, New Gold scored with an overall total of 93% for Health & Safety, and an exceptional score of 95% for Injury Management.

The Health & Safety department is proud of our company's 2016 accomplishments, and has outlined various initiatives and priorities for 2017 to maintain and continuously improve the safety performance on site.

## **BUILDING OUR SHARED FUTURE: OUR COMMUNITIES**

Wherever we operate, we live our values. To New Gold, this means that 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, sustainable development.

The New Gold Community Engagement and Development Standards provide guidance to our sites to identify our communities of interest, and effectively engage and sustain dialogue, and to find opportunities to contribute to long-term development within our host communities. They also drive us to monitor and continually improve our processes and performance. The standards are based on several internationally recognized principles and values. At each site, the standards are being progressively implemented to guide site-level management systems to ensure that site operations appropriately identify and engage with local communities of interest, respect human rights, identify opportunities for sustainable community investments, and maximize local hiring and contracting.

Our standards also guide our operations to adopt a consistent approach to identifying and controlling social risks and to report progress through audits and assessments. All sites are expected to have an external audit, peer audit or self-assessment annually based on an audit schedule. In 2015, we completed the first peer audit of the new standards. In 2016 we completed our first two external audits.

# SCORECARD 3: COMMUNITY ENGAGEMENT AND DEVELOPMENT

PRIORITIES	2016 TARGET	2016 PERFORMANCE	2017 TARGET
 <p><b>ENGAGEMENT</b></p>	<p>Advance the implementation of the New Gold Community Engagement and Development Standard to 30%.</p>	<p>Achieved.</p>	<p>Advance the implementation of the New Gold Community Engagement and Development Standard to 100%. SDG 16</p>
 <p><b>LOCAL ECONOMIC IMPACTS</b></p>	<p>Establish a minimum of five small businesses in the communities surrounding the Cerro San Pedro Mine through the Entrepreneurial Development Program.</p>	<p> Achieved.</p>	<p>Establish an additional five small businesses in the communities surrounding the Cerro San Pedro Mine through the Entrepreneurial Development Program. Provide support to 50 entrepreneurs in the communities surrounding the Cerro San Pedro Mine through the Entrepreneurial Development Program. SDG 8</p>

 **ACHIEVED**    
  **NOT ACHIEVED**    
  **PARTIALLY ACHIEVED**

**SDG = SUSTAINABLE DEVELOPMENT GOAL**



## Murdi Paaki Nursery – Working with Aboriginal People at Peak

For the last five years, Peak Mines has supported the Murdi Paaki Regional Enterprise Corporation (MPREC), a program designed to support local Aboriginal job seekers in developing skills, building capacity, and gaining employment. MPREC is administered through the Community Development Program (CDP), an Australian Federal Government program designed to increase Aboriginal employment rates and reduce welfare dependency in remote locations.

In March 2008, Peak leased a 22-hectare parcel of land to MPREC for the purpose of growing native seedlings from plants harvested locally for use in reclamation. Now, that parcel of land is a thriving hub of activity, known as The Nursery, with various projects for job seekers to develop their skills and get involved in. For example, these individuals have access to a fully equipped workshop in order to repurpose wooden shipping pallets into beautiful, quality pieces of furniture. Local organizations have opened up further opportunities for the MPREC program by commissioning Murdi Paaki to furnish their small businesses.

Alternative projects include metal work, animal husbandry, and horticulture. A number of garden beds, cultivated with organic pesticides and compost, spill with greenery. The list of produce has grown enough to rival the local supermarkets. This seasonal fresh produce is available for sale to the public, and locals are encouraged to come pick their own.

MPREC has proven to be a beneficial program for Australian communities through its commitment to environmental sustainability and employment building initiatives and we are proud to support the program's activities at Peak.



## Building Rainy River: Our Commitment to Local Communities

Throughout the planning of the Rainy River project, one of the commitments made was to ensure local communities were engaged in the project's development. Throughout 2016, our teams worked diligently to ensure that positive benefits from the project were seen and felt within the local communities.

Some of the initiatives included:

- Ensuring local contractors were engaged to help build Rainy River. Through our Business Development Office, we helped introduce potential partners to local businesses, prepared small businesses for contracting opportunities and worked with local business organizations to understand upcoming opportunities.
- Investing in local communities through our Community Investment Program. Our goal is to provide New Gold and communities with sustainable value through strategic investment streams in the areas of health & wellness, education, arts & culture and environment. We're pleased to have supported youth hockey leagues, hospital fundraisers, performing arts series and scholarships.
- Hiring local – in 2016, we had a major onboarding year. Of the 300+ employees that were hired for long term operations jobs in 2016, approximately 80% were from local communities including 30% who were Indigenous. While New Gold is extremely proud of each and every employee, we know that families are also proud of "their" team member. Our success in hiring is attributed to information sessions, career fairs, our work with local employment agencies and communities and being in a region where great people want to work for New Gold.
- Having a local presence in the Town of Emo. We recognize that being accessible and present within communities is extremely important. Our Community team is based in Emo and is always present to answer questions and provide information.
- Providing tours of Rainy River to members of the general public. 2016 was great for public tours. We had about 250 guests join us on our coach busses to see the open pit, process plant and overall construction activities. Bright sunny days ensured plenty of laughs and all around great tours.
- Hosting the Mining Matters program in local schools. We were pleased to bring the program to four different schools in the Rainy River District. We also hosted a Mining Matters night for students and their parents to attend. This is the fifth year we hosted the program, and once again, it was a big hit in introducing school children to exploration and mining.

We are also very pleased to have a great working relationship with the local municipalities and Indigenous communities. The support and ideas that are offered to New Gold on a daily basis is invaluable to keeping us in touch with the local region.



## Mining Matters ROCKS at Rainy River

Mining Matters is a charitable organization dedicated to bringing knowledge and awareness about Canada's geology and mineral resources to students, educators and the public. The organization provides current information about rocks, minerals, metals, mining and the diverse career opportunities available in the minerals industry. Mining Matters offers exceptional educational resources that meet provincial curriculum expectations, created by educators and Earth science experts. With sponsorship from New Gold Rainy River project, Mining Matters partnered with four local schools in the Rainy River District to deliver the Mining Rocks Earth Sciences Program. While New Gold had partnered with Mining Matters for the previous five years, this year was especially exciting because of all the activities with the construction of the Rainy River project.

Over a four-day period, 162 participants between the ages of 8 and 17 years of age had a "rocking" experience with teams from Mining Matters and New Gold. In meeting Mining Matters objectives to engage youth with innovative mineral resources education programs and information about careers in the industry, the Mining Rocks programs were structured as interactive half-day classroom sessions. Each session was customized for age level with a series of meaningful hands-on learning activities focusing on a wide range of topics, including rocks and minerals, mineral exploration and mining, mineral resources in society and careers in the minerals industry.

## ENGAGING WITH OUR COMMUNITIES OF INTEREST (GRI G4-24, G4-25, G4-26, G4-27)

New Gold regularly engages with communities of interest through national and international organizations and initiatives as well as industry associations. Our communities of interest are groups or individuals who have an interest in our business and operations, are impacted by our business or operations, or may have an impact on our business or operations. We are vigilant in tracking how people and organizations are affected by our activities and understanding and addressing their concerns, and look for opportunities to address their interests. We seek to maintain open dialogue with all individuals and groups who express an interest in, or may potentially be affected by, our activities. We invite comments and suggestions about our approach to social responsibility, as well as the content of this report, at [sustainability@newgold.com](mailto:sustainability@newgold.com).

We believe that understanding the social aspects of operations must be based on dialogue with the surrounding communities. We foster transparent and open two-way communication with residents and community leaders, beginning with initial exploration and development, and continuing through the mine's life and final closure. It is important to understand our local stakeholders and their needs and concerns, so that we can truly engage and contribute to long-term social, cultural and economic development.

To know and understand our communities of interest, our sites use stakeholder mapping techniques. Each site's stakeholder map contains relevant groups and individuals, and include local, regional and sometimes international stakeholders. Throughout our sites, the key communities of interest identified have included local community members, local government and regulators, Indigenous communities and organizations, non-governmental organizations, religious groups, educational and health agencies and organizations, chambers of commerce and other business and industry associations and organizations.

All of our sites have established community engagement and communication plans, and use context-appropriate mechanisms to create opportunities for two-way communications with their communities of interest. These plans are based on an in-depth understanding of the socio-economic and cultural context where they operate and follow criteria established in our Community Engagement and Development Standards. As a result, the engagement activities vary depending on the site and include broad community as well as small interest group meetings, workshops, site visits/tours and open houses.

As an example, at Cerro San Pedro, engagement activities include meetings with leadership of Ejidos (Mexican system of communal land tenure), regular community meetings, household visits, presentations at schools, tours of the mine site and

meetings with interest groups. The Cerro San Pedro team is an active participant in local cultural and economic development initiatives. Through its staged closure, the mine continues to engage with local communities and government agencies to maintain two-way communication regarding closure activities, social development and infrastructure improvement programs.

Another example – the Blackwater project is currently in the analysis stage of an Environmental Assessment Process with both the Provincial and Federal governments. The process addresses the potential environment, economic, social, heritage and health effects of the project. The process provides opportunities for public comments about potential effects. We have held regular community meetings, information sessions and open houses, focus groups with health and education agencies and business organizations, community leaders' meetings, economic development and citizen forums. Regular engagement with several Aboriginal groups and organizations also continues as a critical part of the project's engagement program.

Blackwater has also established an advisory forum, the Community Liaison Committee to help identify interests and concerns and provide recommendations for developing policies, plans and programs throughout the life of the mine. Members are locally elected officials, economic development officers, school and college representatives, a social service agency and an environmental group. The Community Liaison Committee meets regularly to discuss issues of importance to the region. Members have discussed operational shift scheduling, community health, post-secondary education and skilled labour attraction and retention, and we continue working together to maximize benefits and opportunities to the local region.

New Gold has established external feedback mechanisms at all mines and projects. These mechanisms consider local culture and social context and encourage community members to provide feedback or make formal complaints directly to our teams while allowing for privacy and anonymity as appropriate.

New Gold also supports employees who want to be active participants in our host communities. Our employees become involved at every level of civil society – with local and regional government, business, schools, healthcare and recreational organizations. Over the year, our sites and employees also volunteered at various cultural and sporting events, community clean-up activities, and initiatives to encourage recycling and healthy lifestyles.

## PERFORMANCE IN 2016

In 2016, 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. The following are the highlights of community engagement across New Gold sites:

- The Blackwater project held six Public Comment Period Information Sessions. More than 185 people attended to learn more about the project and our application for environmental assessment and environment impact statement.
- About 250 guests visited the Rainy River project to see the open pit, process plant and overall construction activities.
- For the fifth consecutive year, Rainy River hosted the Mining Matters program in local schools, bringing the program to four different schools in the Rainy River District. Rainy River also hosted a Mining Matters night for students and their parents to attend.
- Cerro San Pedro continued to engage closely with host communities as it goes through the phased closure process. Besides community meetings and household visits, in 2016 almost 11,000 people visited the Information Module in Cerro San Pedro village, where locals and visitors learn about the mining history of the village, modern mining, and the operation and closure of the Cerro San Pedro Mine.

## FORMALIZED EXTERNAL FEEDBACK PROCESS – COMPLAINTS RECEIVED<sup>1</sup>

SITES	2014	2015	2016
New Afton	2	0	0
Mesquite	0	0	0
Peak Mines	4	11	5
Cerro San Pedro	3	3	0
Blackwater	0	1	1
Rainy River	n/a	49	56
<b>Total</b>	<b>9</b>	<b>64</b>	<b>62</b>

1. All complaints received through our formal mechanisms were addressed within timeframes prescribed by each site's procedures.

The Rainy River project started its formal process to receive and address external feedback in 2015. As expected, the intensity of the activity at the project construction site in an area with little previous mining activity was a rich source for valuable feedback from the local communities. At Rainy River, we received complaints associated with a variety of issues, the majority of these complaints were due to the conditions of roads and driving and the impact of construction activities on private property. Other complaints were related to noise, vibration, light and safety. Through 2016, the feedback received has contributed to much of the site's engagement activities and continual work with employees and contractors to address local communities' concerns and opportunities.

At our Peak Mines site, there was an increase in the number of complaints regarding vibration emanating from mining activities. Although there has not been any breach of licence conditions in relation to the vibration, the company decided to form a committee to find ways to minimize even further any vibration that may be felt by our neighbours.

At Blackwater, a complaint was made in regards to the use of private property for conducting field work for fisheries studies. We addressed the incident immediately and have made adjustments to our internal and external communications practices. We understand that sometimes the resources we need for important studies, such as helicopters and other equipment, can be distressing to neighbours, particularly those with cattle. We regret any incidents or miscommunication and are committed

to working with our contractors to timely and accurately communicate with our neighbours about details of any work planned in close proximity or at their properties.

## CONTRIBUTING TO SUSTAINABLE COMMUNITY DEVELOPMENT

At New Gold, we aim to understand our host communities priorities so that we can better contribute to local sustainable economic development. Our contributions benefit communities and regions and come in many forms. We pay taxes and royalties directly to governments, and the salaries earned by hundreds of employees and contractors, mostly from the host communities, have an indirect, yet significant, impact on local communities.

To assist us in better understanding the indirect benefits provided to the communities where we operate, we initiated a series of independent third-party studies. In 2012, we commissioned a study of the economic impacts of the Cerro San Pedro Mine on the state and national economies; in 2015, an independent third party evaluated the potential economic and social impact of the Rainy River project to the region, followed by a similar assessment for our sites in British Columbia.

Hiring and training local people is one of the ways we contribute to local economies. Our New Afton, Rainy River and Blackwater sites are great examples of building local capacity among our local Aboriginal communities and local community members, so that we are able to employ an engaged and skilled mining workforce. We support training and employment of local Aboriginal people with internal training programs. At Rainy River, the construction period is being used to train employees for long-term operations.

New Gold’s procurement processes provide opportunities to local suppliers and Aboriginal communities. For example, at Rainy River, to date, over \$400 million in contracts have been awarded to Indigenous companies or joint ventures.

All New Gold sites continually seek opportunities to support community organizations and activities – for example, by promoting skills development, encouraging local entrepreneurship and improving environmental stewardship. Our sponsorships and donations support education, health and wellness, economic diversification, job creation, food banks and environmental conservation initiatives. In some cases, we make investments in community infrastructure with long-term benefits, such as roads, and health and education facilities. At the corporate level, our Donations Committee meets on a quarterly basis to review requests from community organizations focused on health, environment, education and community development investments.

In addition to providing financial support to organizations, we have a Corporate Volunteer Committee to organize volunteer events in Toronto, where our head office is located. This past year, we coordinated events where our employees were able to help with tasks such as food preparation and participating in recreation activities

## COMMUNITY INVESTMENTS<sup>1</sup> (\$ MILLIONS)



1. Expenditures for voluntary donations and investment of funds in the broader community where the target beneficiaries are external to the company. Includes payments associated with participation agreements, contributions to charities, NGOs and research institutes, payments made through participation agreements, funds to support community infrastructure, and direct costs of social programs and direct community development activities for all our sites as well as corporate offices.

with clients from a local mental health agency.

## PERFORMANCE IN 2016

In 2016, New Gold generated significant direct and indirect economic value in our host communities. We also worked hard to maximize local and Aboriginal participation in our workforce and supply chain. The following provides the highlights of our direct and indirect economic contributions to the communities where we work:

- New Gold paid over \$15 million in production and property taxes, income and other corporate taxes and royalties.
- Payments for employee wages and benefits in 2016 were over \$160 million. We invested \$7.4 million in community initiatives, including infrastructure, scholarships, economic diversification projects, environmental conservation, and other donations and sponsorships.
- Our sites collectively invested about \$0.6 million in local infrastructure development in local communities.
- More than \$190 million of our 2016 expenditures were made locally, and our international suppliers accounted for about 7% of our procurement spending. Of the Rainy River payments for services and supplies, approximately 29% were to local businesses controlled by Aboriginal groups.
- On December 31, 2016, 80% of Rainy River employees were from local communities and 36% were Aboriginal. At New Afton, 79% of employees were local and 25% were Aboriginal. At Blackwater, 65% of employees were local. The success in local hiring at these sites is attributed to information sessions, career fairs, and our collaborative work with local employment agencies.
- Our sites collectively provided almost \$37,000 in scholarships, which benefited 93 community members – a combination of support to elementary to post-secondary students.

## ECONOMIC VALUES GENERATED AND DISTRIBUTED (\$ MILLIONS)<sup>1</sup> – INCLUDES ALL NEW GOLD SITES

ECONOMIC VALUES	2014	2015	2016
Mineral revenues	726.0	712.9	683.8
Expenditure for materials, products and services <sup>2</sup>	539.3	689.8	790.3
Exploration expenditures <sup>3</sup>	7.3	4.0	7.4
Employee wages and benefits (includes payroll taxes paid to governments)	175.9	137.4	160.3
Payments to providers of capital (interest paid and standby fees)	52.3	52.3	55.3
Payments to governments <sup>4</sup> (royalties, property, production and income taxes)	5.5	26.6 <sup>5</sup>	15.5 <sup>6</sup>
Community investments <sup>7</sup>	5.1	7.3	7.4

1. Unaudited figures. Additional information on economic values, and some site-specific data, is disclosed in our Annual Financial Review available on [www.newgold.com](http://www.newgold.com).

2. These figures include operational as well as capitalized expenditures. Does not include exploration expenditures. Previous reports did not include capitalized expenditures under this line item and therefore 2014 and 2015 figures have been revised in this report.

3. Excludes corporate business development.

4. Includes production and property payments, income and other corporate taxes, and royalties paid to governments. Also includes taxes paid on the sale of the El Morro property in Chile.

5. Includes \$25.2 million of taxes paid from the sale of the El Morro property.

6. By country, payments to governments at all levels in 2016 were \$5.7 million in Canada, \$1.3 million in the U.S., \$18.9 million in Australia and a recovery associated with an income tax refund of \$1 million from Mexico. Includes \$0.9 million of taxes paid to Chile from the sale of the El Morro property. Discrepancy between this figure and the figures disclosed through Extractive Sector Transparency Measures Act (ESTMA) result from the latter not taking into account tax refunds and including payments for government fees and permits, which are not included here.

7. Expenditures for voluntary donations and investment of funds in the broader community where the target beneficiaries are external to the company. Includes payments associated with participation agreements, contributions to charities, NGOs and research institutes, payments made through participation agreements, funds to support community infrastructure, and direct costs of social programs and direct community development activities for all our sites as well as corporate offices.

New Gold supports many charitable organizations through donations and sponsorships. While our sites support local community groups and projects focused on their regional areas, New Gold's corporate office supports groups that may have a

broader reach. Our recipients in 2016 included Indspire (Indigenous Students Sponsorship), the Canada Breast Cancer Foundation, the Pacific Salmon Foundation, the Breakfast Club Canada, the Mosaic Institute and variety of community-based organizations such as the Toronto SickKids Hospital, BC Children's Hospital, and Dress for Success.

## ABOUT OUR SUPPLY CHAIN

At New Gold, we understand that responsible supply chain management is a key generator of business value and an important element of strong corporate responsibility performance. We strive to manage the environmental, social and economic impacts of our supply chain and to create and protect long-term environmental, social and economic value for all involved in our business. New Gold has over 2,000 suppliers across our operations. Our supply chain expenditure in 2016 exceeded \$790 million across our mining operations. At our operations, we have approximately 300 suppliers that account for 80% of our expenditures, and tier 1 suppliers (those who provide products directly to the company without using a third party or other manufacturers) account for about 50% of this spending. These tier 1 suppliers include mining contractors, original equipment manufacturers and producers of key commodities and consumables such as mobile equipment; fixed plant, repair, operating and maintenance spare parts; cyanide; explosives; grinding media; drilling tools and consumables; large tires; and chemicals and reagents.

We invest significant resources to ensure our purchasing policies positively affect our host communities by prioritizing local vendors and creating opportunities to develop local businesses and benefit local economies, as well as by promoting responsible and ethical conduct.

Our objective is to develop a cost-effective and sustainable supply foundation by developing relationships with our suppliers, based on the principles of fair competition and integrity. Our approach focuses on ensuring we comply with our commitments and on continuously improving our processes.

## 2016 SUPPLY CHAIN EXPENDITURE PROFILE (\$ MILLIONS)<sup>1</sup>

	NEW AFTON	RAINY RIVER	BLACKWATER	MESQUITE	PEAK MINES	CERRO SAN PEDRO	TOTAL
Local <sup>2</sup>	9.1	13.5	0.4	30.4	15.4	11.6	80.6
Local Aboriginal spending <sup>3</sup>	23.8	75.2	0.6	–	–	–	99.4
Regional	17.9	66.2	4.5	23.0	39.5	23.0	174.1
National	26.1	88.5	0.3	76.7	14.9	76.7	252.1
International	3.3	5.9	0.01	3.1	0.1	3.9	16.2
EPCM <sup>4</sup>	–	190	–	–	–	–	190.0
<b>Total</b>	<b>80.6</b>	<b>439.2</b>	<b>5.8</b>	<b>102.1</b>	<b>69.9</b>	<b>115.2</b>	<b>812.4</b>

1. Figures for Blackwater are not included.

2. Excludes local Aboriginal contracts shown on following line.

3. Only Canadian sites track data for this category.

4. Payments made to suppliers through Engineering, Procurement and Construction Management (EPCM) contractors.

We recognize the equality and dignity of the people we do business with, and we expect ethical behaviour and integrity from our suppliers. We work to develop relationships with suppliers who share our values. The Anti-Bribery and Anti-Corruption Policy introduced in 2015 includes guidance to ensure that key processes are in place to confirm that our suppliers and contractors understand our expectations.

## WORKING WITH ABORIGINAL COMMUNITIES

When it comes to collaborating with our local Aboriginal groups, our approach is to be respectful and inclusive as we work to understand the goals and values of the Aboriginal groups in our areas of exploration, development and operation. We seek to engage early and meaningfully and to reach mutually beneficial 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.

In Canada, we support and encourage our local Aboriginal communities to participate in environmental audits, committees and reclamation projects. They also play a critical role in our efforts to bring traditional knowledge to the way we manage the environmental aspects of our mines, and we believe this plays a crucial role in successful project development. We offer education and training to our local communities and Aboriginal groups to support our policy of striving to hire locally and sourcing services and supplies from nearby.

To identify opportunities in procurement and work with Aboriginal business owners to make their ventures more sustainable over time, we hired business development managers at both New Afton and Rainy River. Business development managers focus on maintaining two-way communication between Aboriginal businesses and the site in relation to business and contract opportunities. They also work with contractors to support the diversification of services and client base as a way to build economic resiliency and avoid dependency.

Our first working relationship with local Aboriginal groups in Canada resulted from our industry-leading Participation Agreement at New Afton in 2008, which has been guiding discussions and providing inputs in the areas of environmental stewardship, business opportunities, employment, education and training, and socio-economics. At the New Afton Mine, 23% of the workforce members are First Nations. The mine enjoys a positive relationship with the Stk'emlúpsemc te Secwépemc Nation, which represents the two First Nations (Skeetchestn Band and Tk'emlúps te Secwépemc Band) in whose asserted traditional territory the mine site is situated.

Rainy River is located near several Aboriginal communities, including 15 First Nations and the local Métis Nation of Ontario community councils. With the ongoing construction of a new mine, our Participation Agreements provide a framework for dialogue and ensure communities benefit from opportunities such as employment, training and contracting associated with the Rainy River operation. During 2016, at our Rainy River site, \$75.2 million (29% of our direct total procurement spending) went to Aboriginal companies and joint ventures. This is significant, as substantial resources are invested during the construction phase. At the end of December 2016, 36% of our Rainy River workforce was composed of Aboriginal people.

New Afton has been an example for Rainy River, and now Rainy River can be a model for Blackwater in terms of cementing our relationships with local Indigenous communities. One great illustration of this is the five-day tour we organized for our Indigenous communities from Blackwater – they visited our Rainy River site and the surrounding 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 economic development. Our Aboriginal groups from Rainy River graciously shared their experiences in working with New Gold, and our Blackwater visitors toured the construction camp, solar power and water treatment facilities, sawmill, and several other areas of the site. They also attended several meetings, including some focusing on business development, employment, training and environmental monitoring.

## BUILDING OUR SHARED FUTURE: OUR ENVIRONMENT

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. During mine closure, New Gold's aim 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.

The New Gold Environmental Management Standards are based on internationally recognized standards. The standards 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. All sites are expected to have an external audit, peer audit or self-assessment annually based on our audit schedule.

As part of the implementation process, each site has also compiled a register of Significant Environmental Risks. This register contains the main environmental 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 these greatest potential risks. In 2016, these risks were reviewed and audited at all sites.

## SCORECARD 4: ENVIRONMENTAL PERFORMANCE

PRIORITIES	2016 TARGET	2016 PERFORMANCE	2017 TARGET
 <b>WATER</b>	Implement action plan to address gaps at site level against New Gold Water Stewardship Standard, and obtain A-level across all indicators.	 Not Achieved. A-level not yet achieved at operations.	Implement action plan to address gaps at site level against New Gold Water Stewardship Standard, and obtain A-level across all indicators. SDG 6
 <b>WASTE MANAGEMENT</b>	Achieve Towards Sustainable Mining Tailings Protocol A-level at operations with tailings facilities (New Afton and Peak).	 Achieved.	Conduct Independent Tailings Review Board meetings at all Canadian sites.
 <b>ENERGY AND GHG EMISSIONS</b>	n/a	n/a	Achieve Towards Sustainable Mining Energy and GHG Emissions Protocol A-level at all current operations. SDG 13
 <b>BIODIVERSITY</b>	n/a.	n/a	Achieve Towards Sustainable Mining Biodiversity Protocol A-level at all current operations. SDG 15

 **ACHIEVED**    
  **NOT ACHIEVED**    
  **PARTIALLY ACHIEVED**

SDG = SUSTAINABLE DEVELOPMENT GOAL



## Progressive Reclamation Program at Blackwater

New Gold's Blackwater Project reclaimed approximately 11 kilometres of trails, and 46 drill pads in 2016. These access trails and drill pads were reclaimed by improving access to areas and planting over 9,000 tree seedlings by hand. Of these 9,000 seedlings, approximately 6,000 were the endangered British Columbia native Whitebark Pine; representing 75% of all Whitebark pine seedlings planted in British Columbia in 2016. Whitebark Pines are incredibly important to the existing ecosystem in the vicinity of the Blackwater Project, as well as to local wildlife providing both food and shelter. In addition, these trees stabilize steep slopes and influence the rate of snow melt by sustaining snow drifts.

The seedlings planted in the Blackwater mineral tenures were grown locally in Smithers, British Columbia, from seeds harvested from the Blackwater Project area in 2012–2013. The Blackwater Project is incorporating Whitebark Pine trees in our ongoing reclamation planning and research efforts.

During the reclamation activities, Blackwater employed 20 workers from local communities and Indigenous groups.



## Reclamation and Closure Planning at Mesquite

The Mesquite mine has gone through several expansions during its 30-year history, resulting in three separate reclamation plans covering different sections of the mine property. Several years ago, we set out to make these plans consistent and update the entire mine site to current reclamation standards. We are happy to report that final approval for our Consolidated Reclamation Plan is expected in mid 2017.

While there was a fair amount of reclamation and revegetation testing done in the 1990s, the documentation of such was limited. In response to this issue, Mesquite has established test plots, as well as experimental sloping techniques in accordance with the proposed standards in the Consolidated Reclamation Plan in December 2016. Two different seeds and several different seedbed preparation techniques were tested, and we will complete annual surveys to determine the best combination for future reclamation.



## Mesquite joins the North American Energy Management Pilot Program

The Mesquite Mine is now a member of the North American Energy Management Pilot Program established to promote implementation of the ISO 50001 international energy management system standard. The objective is to accelerate energy and cost savings, while reducing greenhouse gas emissions in industrial and commercial sectors through the establishment of energy management systems and training to implement ISO 50001 standard and Superior Energy Performance (SEP).

An energy management system integrates energy management into existing business systems, enabling organizations to better manage their energy, sustain achieved savings, and continuously improve energy performance. The ISO 50001 energy management standard provides organizations with an internationally recognized framework for implementing an energy management system. Mining operations can use ISO 50001 to manage energy – including all aspects of energy procurement and use – and reduce costs and carbon emissions. In fact, the New Afton Mine has been certified for the last two years and is achieving significant benefits. Superior Energy Performance certifies industrial and commercial facilities that implement an ISO 50001 compliant energy management system and achieve verified improved energy performance.

During this initiative, Mesquite is partnering with Georgia Institute of Technology and has formed an Energy Team consisting of members from several departments in order to develop a comprehensive Energy Management Policy. This team has participated in offsite training sessions and monthly coaching calls. While we hope at some point to obtain ISO 50001 certification as a result of our efforts, our primary focus remains on energy and cost savings.



## WATER MANAGEMENT

Water is a resource of significant importance to the environment, our mines, our local communities and Aboriginal people. New Gold understands the importance of responsible water use. Our objective at every New Gold operation is to apply efficient designs and technologies to minimize water use through reuse and recycling wherever possible.

Almost all of the water used at our sites is associated with the processing of ore. We also require water for drilling and for dust control on mine haul roads, and use dust suppressants to minimize evaporative loss. All process water used at our mine sites is contained in a closed circuit, with only evaporation at tailings storage facilities or leach pads and entrainment in tailings and concentrates allowing water to leave the cycle of reuse. Our operating mines are zero discharge facilities, with no process water being released to the surrounding environment.

We make significant efforts to minimize water consumption. At Peak Mines, we use water-efficient “thickened tailings” – a method known for using less water than traditional lower density tailings deposition. At Mesquite and Cerro San Pedro, the process solution is recycled and reused on the heap leach pads. At New Afton and Peak Mines, water is recycled through the tailings facility and reused in processing.

Our operating mines are located in arid or semi-arid regions. We source water from groundwater wells or pipe water over long distances, with the exception of New Afton, which sources water from Kamloops Lake. All sites source and use water in compliance with the appropriate regulatory requirements; this provides safeguards so that other neighbouring water users are not negatively impacted. Our monitoring programs are designed to detect any changes in surface and groundwater and we vigilantly investigate variances in water quality that may be due to our operations.

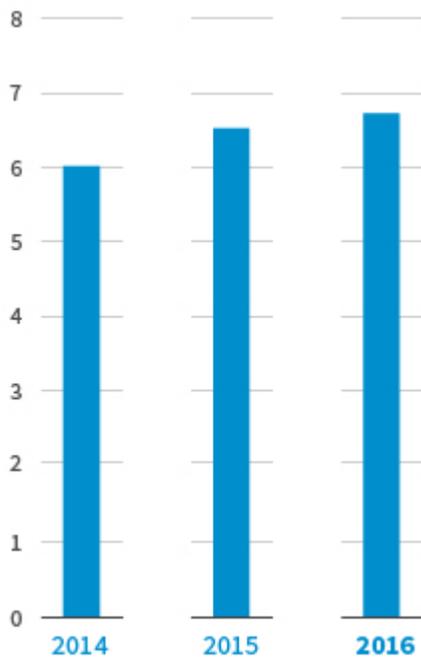
In 2015, we implemented our Water Stewardship Standard based on the Alliance for Water Stewardship (AWS) Standard. The AWS Standard is a global standard that outlines what is expected of companies seeking to adopt responsible water stewardship practices. Part of the standard requires sites to adopt monitoring programs and guidelines appropriate to their regulatory context. This is annually audited and provides assurance that each site is measuring impacts against the appropriate guidelines. Our Water Stewardship Standard also requires a detailed water balance to be formulated by our sites. By working to understand where water is lost in our processes and on our sites, we can put our efforts into reducing these losses and improving our efficiency and recycling efforts. All sites completed an action plan based on a gap analysis against the New Gold Water Stewardship Standard and are working towards A-Level for all indicators.

## PERFORMANCE IN 2016

The following are the highlights of water management in 2016:

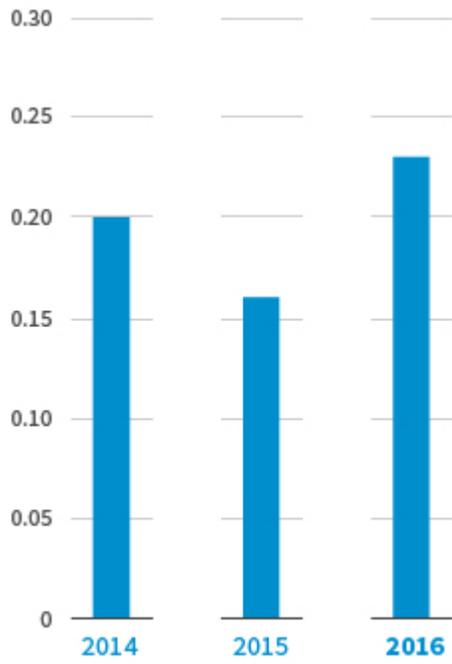
- Every year our operations extract water from the environment, and we work diligently to reuse and recycle the water we withdraw. During 2016, only about 13% of the water used in our operations was withdrawn from the environment as make-up water, which means we were able to reuse a large volume of water which had been extracted in previous years. In 2016 we recycled over 53 million m<sup>3</sup> of water in our operations, also a 3% increase from the volume recycled in 2015.
- We withdrew 6.7 million m<sup>3</sup> of raw water from surface, groundwater and water utilities, a 3% increase from 2015.
- Regarding water efficiency, following an improvement in 2015, our raw water/ore processed ratio has increased in 2016, from 0.16 m<sup>3</sup> per tonne of ore processed in 2015 to 0.23 m<sup>3</sup> per tonne of ore processed in 2016.
- In 2016, New Gold reported on water management data publicly to the Carbon Disclosure Project – Water Disclosure Module.

### RAW WATER CONSUMPTION – ACROSS OPERATIONS<sup>1</sup> (MILLION M<sup>3</sup>)



1. Includes all water extracted from surface, groundwater and water utilities at our operating mines only, for all purposes, including dust control and cleaning. Includes approximately 2.5 million m<sup>3</sup> of surface water (37%), 3.6 million m<sup>3</sup> of groundwater (54%) and 0.5 million m<sup>3</sup> from water utilities (9%). Does not include rainwater or potable water provided at sites. Water consumption by site is available in the Appendix.

## RAW WATER<sup>1</sup>/ORE PROCESSED RATIO<sup>2</sup>



1. Raw water does not include rainwater or potable water provided at sites. Includes operations only.

2. Ore processed was 28,699,000 tonnes in 2016. Includes ore mined and placed on leach pad at Cerro San Pedro and Mesquite, and ore processed at New Afton and Peak.

## ENERGY AND GHG EMISSIONS MANAGEMENT

It takes a lot of energy to break, grind and transport vast amounts of rock. Our activities are energy intensive and result in greenhouse gas (GHG) emissions, from the mobile equipment required to operate a mine to the off-site generated electric power that we purchase to supply our operations. Improving our energy efficiency and reducing GHG emissions not only lessens climate-related risks to the broader environment, but also brings inherent cost advantages.

We continue working on implementation of the Towards Sustainable Mining (TSM) Protocol as well as the Energy and GHG Management system across all operations. Energy champions have been engaged to assess opportunities for savings and a number of projects are being implemented across New Gold sites. One of these efforts is an innovative energy management system implemented at New Afton in 2013, leading to an ISO 50001 certification in 2014. New Afton is the first mine in Canada to achieve certification against this international standard and remains the only mine in North America to maintain it through 2016. We have extended the learning experiences to our other operations and in 2016 Mesquite started working towards the implementation of the standard.

In 2015, New Gold started a process towards an Energy Management Strategy. In 2016 we continued to lay the foundation for the development of the Strategy. Implementation of the New Gold Energy Strategy is expected to drive energy management and efficiency across our operations and embed energy savings into our culture, with benefits for our competitiveness and for the environment.

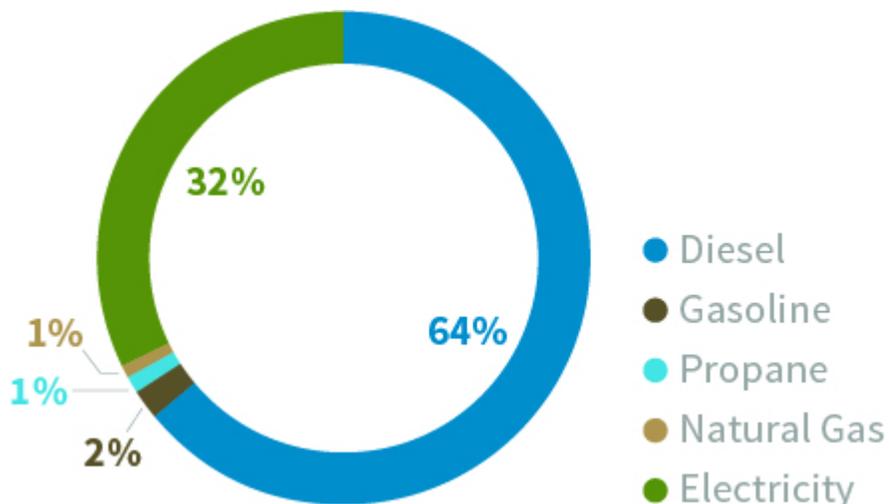
New Gold reports energy and greenhouse data publicly to the Mining Association of Canada and to the Carbon Disclosure Project. All of our sites continue to work on the development of long- and short-term efficiency targets in an effort to improve energy savings over time.

## PERFORMANCE IN 2016

In 2016, the total direct energy consumed across the company was 4,200,363 gigajoules (GJ). The following are other highlights on energy and GHG emissions in 2016:

- New Gold's total consumption of fuels increased significantly in 2016 mostly due to construction activities at Rainy River and longer ore hauling routes at Mesquite as a result of the expansion of the leach pads. This was despite a significant reduction of fuels used at Cerro San Pedro as a result of the cessation of mining activities.
- At Cerro San Pedro, about 30% of the diesel consumed was biodiesel.
- New Gold mine operations experienced about 23% reduction in diesel use, with Peak Mines (8%) and Cerro San Pedro (72%) showing significant reductions that more than offset increases at Mesquite (7%) and New Afton (37%).
- In 2016, electricity use increased only about 1%. At Peak Mines, where mine development requires increased power to ventilate and cool the air to allow workers to operate in an acceptable environment, we were able to reduce electricity usage by approximately 30%. At New Afton, we increased electric power use by about 9%. At Cerro San Pedro, where electricity is used to pump solution to growing leach pads, usage increased by about 8%. At Mesquite, electricity use increased by approximately 15%.
- New Gold's greenhouse gas intensity, measured as tonnes of CO<sub>2</sub>-e per kilotonne of ore processed, increased slightly, from 6.0 to 7.1. This is a result of the cessation of mining activities at Cerro San Pedro and consequent reduction of ore sent to leach pads at the site. While diesel use was significantly reduced, electrical power actually increased at the site as process solution has been pumped to leach pads that has now reached their maximum heights.

### NEW GOLD ENERGY CONSUMPTION – ACROSS SITES



Across New Gold, diesel is by far the most significant portion of our energy consumption, used primarily as fuel for mobile fleet operations, followed by purchased electricity for mill operations. Propane, gasoline and natural gas represent a relatively small portion of the energy consumed by our operations and projects. Natural gas is used at New Afton to heat the underground workings during winter months.

Natural gas usage increased at New Afton as the active underground works has expanded. We use a heating system and Ventilation on Demand, which ensures that only those areas that are being occupied by workers are ventilated and heated.

## FUEL CONSUMPTION BY MAJOR SOURCES – ALL SITES

MAJOR SOURCES	2014	2015	2016
Diesel consumption (000s litres)	54,351	60,659	69,905
Gasoline consumption (000s litres)	678	1,248	2,329
Propane (000s litres) (includes LP)	1,019	742	1,077
Natural gas (GJ)	70,118	51,881	55,282

## ELECTRIC POWER CONSUMPTION – OPERATIONS ONLY

INDIRECT ENERGY	2014	2015	2016
Power purchased (MWhs)	329,487	365,429	370,258 <sup>1</sup>

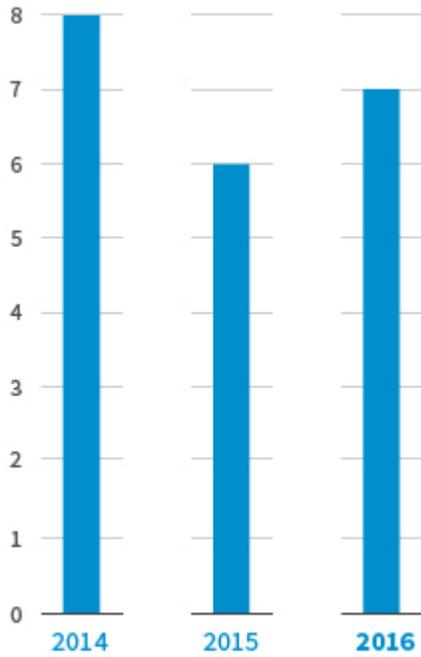
1. Estimated 241,712 MWhs (65%) hydroelectric power and 128,546 MWhs (35%) of electricity generated by other sources. Fuels consumed to produce electricity other than hydroelectricity include coal, fuel oil, natural gas, nuclear (Ontario), biomass and renewables as reported by electricity providers.

## GREENHOUSE GAS EMISSIONS – ALL SITES

EMISSIONS (000S OF TONNES OF CO <sub>2</sub> -e)	2014	2015	2016
Diesel	145.1	161.5	186.2
Gasoline	1.4	2.9	5.3
Propane	1.5	1.1	1.6
Natural gas	3.9	2.6	2.8
Power	100.3	111.4	89.8
Explosives	3.0	2.9	1.5
Total	255.3	282.4	287.3

## GREENHOUSE GAS/ORE PROCESSED RATIO

Efficiency: Total Emissions<sup>1,2</sup> per Ore Processed (000s tonnes), as Tonnes of CO<sub>2</sub>-e



1. For the purposes of this report, carbon dioxide equivalent (CO<sub>2</sub>-e) emissions generated were calculated using the TSM Energy and GHG Emissions Management Reference Guide. Emissions considered for this ratio calculation include operations only.
2. The CO<sub>2</sub>-e emissions generated indirectly from purchased energy are calculated using relevant factors from each jurisdiction for consistency with locally reported numbers.

## CYANIDE MANAGEMENT

One of the most critical materials to our operations – and one often associated with communities’ concerns – is cyanide. Cyanide is commonly used in the gold mining industry, and three of our four operations (Cerro San Pedro, Mesquite and Peak Mines) use cyanide to extract gold and silver from the ore. At those operations, the responsible use and management of cyanide are of critical importance.



While cyanide has inherently toxic properties, its safe transport, handling, storage and use are well understood and manageable. All three New Gold operations that use cyanide in the gold-extraction process follow procedures that are guided by the International Cyanide Management Code (ICMC). The ICMC is a voluntary initiative for the gold mining industry and is intended to complement an operation’s existing regulatory requirements. The ICMC provides an international benchmark for transporting, storing and using cyanide for the safety of personnel, surrounding communities and the environment.

In October 2010, New Gold was accepted by the International Cyanide Management Institute (ICMI) as a signatory to the International Cyanide Management Code (ICMC). Cerro San Pedro and Mesquite Mines were first certified in 2013. Cerro San Pedro achieved recertification under the ICMC in 2015, joining the Mesquite Mine, which was recertified during the same period. Although Peak Mines was temporarily withdrawn from the certification program in 2014, they are guided in their management practices by the ICMC as part of our New Gold Environmental Management Standards, and have robust procedures in place to lessen the risks to wildlife.

## PERFORMANCE IN 2016

The following summarizes our performance in regards to cyanide management in 2016:

- New Gold sites collectively consumed 16,364 tonnes of sodium cyanide, about 10% more than last year. The Mesquite and Cerro San Pedro Mines saw increases of 71% and 2% respectively.
- Ten cyanide-related wildlife deaths occurred. While none of the species were listed as threatened or subject to special protection status, each of these cases was reported internally and to regulatory agencies as required. Each case was investigated and our processes were reviewed and improved to reduce the risk to fauna in the future.
- Two spills of materials containing cyanide occurred at Cerro San Pedro: a solution spill at the refinery and a sludge spill at emergency pond during clean-up activities. In both cases, cyanide did not leave the site. Clean up proceeded immediately. Investigations and root-cause analyses were completed and corrective actions have been implemented.

SODIUM CYANIDE CONSUMPTION (TONNES)	2014	2015	2016
Mesquite Mine	1,812	1,481	2,533
Peak Mines	1,573	1,204	1,027
Cerro San Pedro Mine	12,139	12,574	12,804
<b>Total</b>	<b>15,224</b>	<b>15,259</b>	<b>16,364</b>

While we seek continuous improvement in order to find optimal application strength and reduce the use of cyanide, the amount of cyanide used at our operations constantly varies to reflect the volume of ore processed as well as changes in ore composition and associated leaching requirements. At Mesquite, a significant increase of cyanide use resulted from recontouring of existing heap leach areas, the establishment of a new heap leach area and a change in ore composition requiring increased cyanide use for the leaching process. On the other hand, at Peak Mines, we continue to reduce the use of cyanide by optimizing processes – a 23% reduction in 2015 was followed by a further 30% reduction in 2016.

New Gold takes all cyanide-related incidents very seriously and works to improve practices by assessing and controlling identified risks and through investigation and corrective actions once an incident is recorded. We train our staff to look for and

report conditions that may result in wildlife deaths, such as ponding on our heap leach pads or irregular fluctuations in cyanide concentration in process solutions. These steps ensure that we learn from incidents and make our processes safe for wildlife.

### WILDLIFE MORTALITIES FROM CYANIDE EXPOSURE

WILDLIFE	2014	2015	2016
Birds	–	6	9
Mammals	–	–	–
Reptiles	2	–	–
Amphibians	–	–	1
Total	2	6	10

## WASTE MANAGEMENT

As with any mining activity, New Gold's operations generate process waste. Process waste includes barren rock (not containing economically viable minerals) in the form of tailings or waste rock (coarser broken rock), which must be stored in a geochemically and geotechnically stable manner. This is also true for the remnant heap leach piles that are left after metals have been extracted.

At New Gold, we are committed to excellence in the management of tailings, heap leach and waste rock storage facilities, and have adopted internationally recognized standards, including the Mining Association of Canada's Towards Sustainable Mining Tailings Management Protocol. Our [Tailings, Heap Leach and Waste Rock Facilities Management Policy](#) commits us to identify, assess and control risks associated with these facilities.

At our operations, waste rock is used as backfill underground and that portion is not included in our figures. Mining of waste rock is minimized as part of our optimized mine plans. For underground operations, the amount of waste rock generated is expected to vary over time, as opportunities for using it as backfill underground are prioritized over trucking or hoisting to surface.

### PERFORMANCE IN 2016

The following are highlights of our performance in 2016:

- New Gold held Independent Tailings Review Board (ITRB) meetings at New Afton Mine and Rainy River and Blackwater projects.
- New Afton achieved Towards Sustainable Mining Tailings Management Protocol Level AA for all indicators with the exception of one Level A.
- At Cerro San Pedro, we generated almost two tonnes of compost to be used as topsoil or in plant nursery.

#### Tailings Management

New Gold observes and fulfills the Tailings Management Protocol from Towards Sustainable Mining, the Mining Association of Canada's commitment to responsible mining. We work hard to ensure that our employees and surrounding communities are satisfied that we design, operate, monitor and close our tailings storage structures in a way that prevents adverse environmental impacts.

The New Gold Independent Tailings Review Board (ITRB) was established to provide independent, third-party reviews of all technical aspects of the tailings storage

facilities operated by New Gold. ITRBs are considered best practice in tailings management and was one of the main recommendations in the report by the expert panel that investigated 2014's major tailings dam incident at the Mount Polley Mine (a mine unrelated to New Gold) in British Columbia.

ITRB meetings were carried out in 2016 to provide our facilities with periodic peer reviews by experts on all aspects of design, construction, operations, surveillance and management of tailings facilities. 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.

In accordance with new regulatory requirements in British Columbia, in 2015 New Afton updated inundation studies and tested its emergency response plan modelled on extreme weather events and conditions. New Afton also performed geotechnical drilling beneath the current dam to ensure that the design of the current and future dam considers this data. This means that the tailings dam is structurally safe, meeting or exceeding the requirements of regulators, and also that there is an understanding of the flow of tailing material in the unlikely event of a failure. The modelling has led to additional earth works to mitigate flow leaving the site in such circumstance, as well as to influence crisis management and emergency response preparation. All information has been shared with nearby neighbours, local communities and Aboriginal groups.

## PROCESS WASTE – OPERATIONS ONLY

WASTE TYPES	2014	2015	2016
Waste rock (000s tonnes) <sup>1</sup>	61,664	46,447	42,819
Tailings (000s tonnes)	4,686	5,648	6,332

1. The waste rock reported by Peak and New Afton underground mines refers only to materials brought to the surface.

## Recycling

Typically, recycled materials include used oils and lubricants, tires, scrap metal, plastics, aluminum, cardboard and batteries. Recycling of non-process waste is an essential part of good environmental management and is practised at all New Gold sites.

We aim to recycle the maximum amount achievable and available, with each site seeking to improve their recycling levels year-on-year through site-based management plans and awareness training. Recycling of oils and lubricants has remained consistent over the past three years, as this is not influenced to the same extent by stockpiling and batch recycling programs. 2015 saw a decrease in recycling of paper, plastics and metals, primarily due to scrap metal recycling at New Afton related to the demolition of an old mill and infrastructure in the 2012–2013 period. Similarly, tire recycling has continued its downward trend as expected. This is due in part to recycling of stockpiled tires at the New Afton site in 2013.

We compost materials at the Cerro San Pedro Mine. We consistently increased composting at the site from half a tonne in 2012 to 6.5 tonnes of material in 2014. As we started to gradually close the operation this figure has declined to 2.8 tonnes in 2015, and 1.9 tonnes in 2016. This material has been used in the topsoil stockpiles or for the greenhouse, where we have a seedling nursery for reclamation.

## 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. A list of at-risk species at our operations and projects is available in the Appendix.

Our two development projects in Canada – Rainy River and Blackwater – are in proximity to high biodiversity value areas. We have taken significant steps to ensure high environmental standards and best practices to conserve or enhance biodiversity where we operate as well as on adjacent lands that are undisturbed by our mining operations.

The Rainy River project covers 18,658 hectares (187 km<sup>2</sup>) in Northwestern Ontario, in an area that has historically seen logging and agricultural activities as well as ongoing mineral exploration, with abandoned farmlands returning to scrub and successional forest communities. The project's footprint has been designed to minimize disturbed areas; detailed environmental baseline studies have been carried out; and all proposed site works are pre-screened to ensure that migratory birds, at-risk species and cultural heritage values, as well as other environmental factors such as water quality, are considered and protected.

Three bird species in the area of the Rainy River project are listed as threatened by Canadian authorities; a Species at Risk Management Plan has been developed in compliance with the Endangered Species Act permit granted by the Ontario Ministry of Natural Resources and Forestry, which defines and describes the steps that New Gold takes to ensure that listed species benefit overall.

The Blackwater project covers approximately 105,300 hectares (1,053 km<sup>2</sup>) in central British Columbia. The exploration area is adjacent to a provincial Ungulate Winter Range (UWR) for the Northern Caribou. New Gold modified the original exploration program to protect the adjacent UWR and established a Northern Caribou Management Plan to minimize disturbance and displacement of Northern Caribou due to mineral exploration and predator and human access.

The Blackwater project is also near a population of White Bark Pine trees listed on [Schedule 1 of the Canadian Species at Risk Act](#). We have established a White Bark Pine management plan to minimize impacts to this species, which covers approximately 1,000 hectares around Mount Davidson. This plan includes seed

collection and propagation trials with a view to replicate the species in future mine reclamation. Seven other federally listed species have been identified as occurring or as potentially occurring in the Blackwater project area. Six are bird species and one is an amphibian species. While the presence of all of these species has not been confirmed, many are associated with water bodies that are protected by stringent environmental management plans.

New Afton completed a project to provide habitat for bats in an unused bunker. A “bat gate” has been installed to allow bats to enter but limit predator or human access to the artificial cave. The entire structure has been covered with overburden to insulate the cave from cold winters. It is planned that the habitat will become the focus of future studies by university students, providing unique education experiences and valuable information on the success of the project.

New Gold has also supported conservation efforts through donations to environmental organizations. We have provided donations to the Nature Conservancy of Canada to assist in its work to maintain Canada’s biodiversity in areas where this may be under threat, such as the interior grasslands of British Columbia. New Afton also financially supports Earth Rangers in their promotion of conservation activities in elementary schools around Kamloops.

## ENVIRONMENTAL INCIDENTS AND REGULATORY COMPLIANCE

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. We work with the appropriate government agencies, partners and key communities of interest in an effort to ensure that our activities meet or exceed their requirements.

As part of the New Gold Environmental Management Standards, Incident Reporting Guidelines have been developed to ensure that appropriate reporting, investigation, level of control and response is applied to any incident. It also categorizes incidents consistently across all jurisdictions by identifying those events that are significant to New Gold, independent of local regulations. Should any incidents occur, we are committed to prompt response, reporting and remedial measures to prevent or minimize environmental or community impacts.

Another important part of our Environmental Management Standards is our Obligations and Commitments Register. Each site compiles a detailed register that ensures our sites know what they must do to comply with relevant laws and permits and that appropriate individuals are held accountable. These are routinely reviewed so that compliance is maintained and each item is current and reflective of changes to local laws.

New Gold ensures that all our sites are prepared and equipped to handle emergencies, if they were to occur. A crisis management exercise is regularly performed for each site, which includes a simulated environmental or safety incident, to ensure each site's readiness to address an incident and to communicate with internal and external parties.

## PERFORMANCE IN 2016

The following summarizes our performance regarding environmental incidents in 2016:

- There were no incidents rated higher than “Moderate” as per the New Gold Environmental Standards across the sites.
- There were nine incidents rated “Moderate” as per the New Gold Environmental Standards across the operations. Six were cyanide-related (discussed under Cyanide Management), and three were hydrocarbon spills – two at New Afton and one at Mesquite. Environmental clean-up immediately followed incidents. Investigations and root cause analyses were completed as a means to understand the key factors that led to these incidents. Corrective actions have been implemented for each incident.
- In February 2016 we paused work on the Rainy River tailings management facility when deformations were identified at the Water Management Pond Dam 5. The site implemented design changes that have satisfied the regulators and work recommenced in August 2016.

## MINE CLOSURE

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. New Gold operations practise progressive rehabilitation of historic mining areas and lands affected by its activity as soon as areas become available.

We also understand the importance of integrating human resources and social-economic aspects of mine closure. We have been working on Cerro San Pedro's Integrated Closure Program for over five years. Based on best practices and our learnings with Cerro San Pedro's closure program, we completed the New Gold Integrated Closure Standard in 2015. This standard is currently being implemented across the company and aims to provide guidance to sites regarding closure planning such as time frames in connection with operational decisions related to the different phases of mining. This takes into consideration adequate financial, physical and human resources to ensure local communities' interests are understood and considered during closure planning.



## RECLAMATION AND REMEDIATION

At our New Afton mine, the newest of all of our operations, we are already working towards developing indicators of successful remediation. New Afton has collaborated with the University of Guelph and its Barcode of Life project to use innovative technology in the area of genomics to measure differences in arthropod (insects, spiders, etc.) numbers and diversity between a disturbed and undisturbed site. By measuring these parameters, the site can optimize the composition or density of the vegetation structure to ensure the ecosystem left after final reclamation is a functional one.

New Afton has applied this innovative technology to one round of sampling and seeks to do further sampling programs in the future to gauge the effect that time has on re-establishment of ecosystems in reclaimed areas. This data can then be provided to regulators, partners and communities of interest to provide successful results of reclamation efforts.

From the very beginning, Cerro San Pedro set a goal to reforest a total of 373.4 hectares of land in areas surrounding its operation. At the start of the closure process, we have exceeded the goal by reforesting 393.3 hectares with the assistance of volunteers from the local communities. Moreover, we have produced over 70%

more plants than what we'd set as our initial goal.

Our Peak Mines has also put a considerable effort into rehabilitation sites. At two sites in particular – Gladstone and Silver Peak – we have used small-scale absorption banks to make the most of Cobar's limited rainfall. Both sites are located on natural hill slopes and were subject to accelerated levels of surface erosion. The technique of absorption banks involves forming banks along the contour approximately 10 metres in length. The end of each bank is made slightly higher, enabling water to pond against the high side of the bank and encouraging growth. The addition of litter and branches assists in minimizing soil erosion from rainfall run-on and provides coverage for the establishment of new growth. Seeding the site with native grasses has proven rewarding, as new growth has successfully been established.

## **INTEGRATED CLOSURE**

In 2016, we ceased mining operations at Cerro San Pedro. We aim to ensure that our legacy is a positive one concerning the environment and the sustainability of the communities surrounding our site. In 2016, we continued the implementation of a detailed plan for workforce reductions and redeployment. To ensure the effect on our people was minimized during this difficult transition, we have maintained initiatives such as 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 Community Entrepreneurial Development Program in partnership with Sustainable Economic Futures (SEF) Canada has been in place for the last two years. The Enterprise Development (ED) program aims to assist in the development and support of small business activities within the communities. This grassroots program relies on a facilitator and a group of volunteers from within the communities surrounding the mine site and is currently funded by New Gold. Almost 150 local people have joined as volunteers or clients. To date, this project has been responsible for the creation or expansion of five small businesses and 17 local jobs.

For our employees and contractors, 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. Other training provided in the local communities in partnership with local training institutions and government agencies have been: 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 environmental conservation, conflict resolution through mediation, and human rights training.

## PERFORMANCE IN 2016

The following are the highlights on mine closure in 2016:

- Over 112 hectares of land were under reclamation within our sites. This refers to all areas where reclamation activities have been initiated, and includes a wide range of activities such as seeding, replanting, subsidence work of filling or capping mine shafts, and removal of contaminated material.
- At Cerro San Pedro, maintenance activities covered 393 hectares of reforested land in the nearby community of Monte Caldera. The site also started major reclamation activities at the Patio Victoria historical contaminated site (2.2 hectares) located outside of our mining lease, which we are committed to remediate.
- The Integrated Closure Program at Cerro San Pedro partnered with five local organizations to provide about 1,230 skills training hours in eight local communities. The programs offered a total of 520 seats, of which 84% were taken by local women.
- During 2016, the Entrepreneurial Development Program at Cerro San Pedro provided direct assistance to about 20 local community members and mine employees working on the development of small local businesses. To date, 114 entrepreneurs have been assisted, of which almost half are women.

**ABOUT NEW GOLD**

**STRATEGIC PARTICIPATION IN INDUSTRY ASSOCIATIONS**

**ORGANIZATIONS**

**LEVEL OF PARTICIPATION**

Mining Association of Canada	International Social Responsibility Committee, TSM Initiative Leaders
Mining Association of British Columbia	Board of Directors, Environmental Committee
Association for Mineral Exploration British Columbia	CSR Committee and Aboriginal Committee
Mining Association of Ontario	Member
Canadian Chamber of Commerce in Mexico	Member
Mexican Mining Chamber	Member
American Exploration and Mining Association (U.S.)	Member

## ABOUT THIS REPORT

### 2015 MATERIAL TOPICS AND BOUNDARIES (GRI G4-20, G4-21)

MATERIAL TOPICS	G4 ASPECTS	GRI DMAs <sup>1</sup> AND INDICATORS (REPORTED FULLY OR PARTIALLY)	MATERIAL TO SITES	BOUNDARIES AND COMMUNITIES OF INTEREST (COI)
Biodiversity	Biodiversity	DMA, EN14, MM2, EN13	All sites	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites
Community Development				
Local hiring and training	Training and Education, Diversity and Equal Opportunity	DMA, LA9, LA11, LA12	All sites	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites
Local business development	Procurement Practices	DMA, EC9	All sites	Internal and external. External communities of interest include local and Aboriginal communities, and other COIs at regional and national level
Community investments	Economic Performance	DMA, EC1	All sites	External. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites
Compliance with environmental permits and regulations	Compliance	DMA, EN29	All Sites	Internal
Cyanide management	Materials, Effluents and Waste	DMA, EN1, EN24	All sites except New Afton	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs in Canada, U.S., Mexico and Australia
Energy and greenhouse gas emissions management	Energy	DMA, EN3	All sites	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites
Engagement and communications with communities of interest	Local Communities	DMA, S01, MM6, MM7	All Sites	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites
Impact on water quality	Compliance	DMA, EN29	All sites	External. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites
Mine closure and reclamation	Local Communities, Closure Planning	DMA, MM10, MM7	All sites	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites

Occupational health and safety	Occupational Health and Safety, Training and Education	DMA, LA5, LA6, LA9	All sites	Internal
Tailings management	Effluents and Waste	DMA, MM3	All sites except Mesquite and Cerro San Pedro	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs in Canada and Australia
Water Management				
Water consumption	Water	DMA, EN8, EN10	All sites	Internal and external. External communities of interest include local and Aboriginal communities, and other regional- and country-level COIs at all of our sites

1 Disclosure on Management Approach.

## OVERALL WORKFORCE DATA AT DECEMBER 31, 2016

TOTAL WORKFORCE BY EMPLOYMENT TYPE AND LOCATION						
LOCATIONS	CATEGORIES (ALL EMPLOYEES AND CONTRACTORS)					
CANADA	CLERICAL	NON-CLERICAL	MANAGERIAL	EXECUTIVE	CONTRACTORS	TOTAL
Corporate Office	9	21	25	10	0	65
Blackwater project	2	6	3	0	1	12
New Afton	10	404	7	1	0	422
Rainy River project	60	259	7	1	0	327
USA						
Western Mesquite Mine	10	290	7	0	0	307
MEXICO						
Cerro San Pedro	79	62	6	1	1	149
AUSTRALIA						
Peak Mines	16	261	7	1	0	285
Total New Gold	186	1,303	62	14	2	1,567
Total (male)	86	1,176	52	13	2	1,329
Total (female)	100	127	10	1	0	238

TURNOVER RATE <sup>1</sup> BY SITE						
LOCATIONS	ALL EMPLOYEES		MALE EMPLOYEES		FEMALE EMPLOYEES	
CANADA	VOLUNTARY	INVOLUNTARY	VOLUNTARY	INVOLUNTARY	VOLUNTARY	INVOLUNTARY
Corporate Office	5%	15%	5%	10%	0%	10%
Blackwater project	-	-	-	-	-	-
New Afton	4%	1%	35%	1%	1%	0%
Rainy River project	-	-	-	-	-	-
USA						
Western Mesquite Mine	9%	5%	8%	5%	13%	4%
MEXICO						
Cerro San Pedro	2%	98%	2%	98%	3%	97%
AUSTRALIA						
Peak Mines	6%	3%	5%	2%	1%	0%
Total New Gold	6%	25%	5%	25%	7%	23%

1. Operations only. Does not include contractors data.

INDIGENOUS EMPLOYMENT <sup>1</sup>						
LOCATIONS	INDIGENOUS POPULATION BY SITE					
CANADA	CLERICAL	NON-CLERICAL	MANAGERIAL	EXECUTIVE	CONTRACTORS	TOTAL
Corporate Office	-	-	-	-	-	-
Blackwater project	0	0	0	0	0	0
New Afton	1	103	0	0	0	104
Rainy River project	8	109	1	1	0	119
USA						
Western Mesquite Mine	-	-	-	-	-	-
MEXICO						
Cerro San Pedro	-	-	-	-	-	-
AUSTRALIA						
Peak Gold Mines	-	-	-	-	-	-
Total New Gold	9	212	1	1	0	223
Total (Male)	4	181	1	1	0	187
Total (Female)	5	31	0	0	0	36

1. Does not include contractors data.

ABSENTEEISM <sup>1</sup>						
LOCATIONS	ALL EMPLOYEES		MALE EMPLOYEES		FEMALE EMPLOYEES	
CANADA	PLANNED	UNPLANNED	PLANNED	UNPLANNED	PLANNED	UNPLANNED
Corporate Office	27%	n/a	10%	n/a	17%	n/a
Blackwater project	-	-	-	-	-	-
New Afton	7%	3%	7%	3%	7%	2%
Rainy River project	-	-	-	-	-	-
USA						
Western Mesquite Mine	6%	5%	6%	5%	6%	6%
MEXICO						
Cerro San Pedro	5%	1%	5%	1%	7%	1%
AUSTRALIA						
Peak Mines	8%	4%	8%	4%	9%	4%
Total New Gold	11%	3%	7%	3%	9%	3%

1. Operations only. Does not include contractors data.

## ENERGY

POWER PURCHASED (MWhs)					
SOURCE	NEW AFTON	MESQUITE	PEAK MINES	CERRO SAN PEDRO	TOTAL
Hydroelectric power	238,894	2,818	0	0	241,712
Electricity other than hydro <sup>1</sup>	0	19,294	68,785	40,467	128,546
Total New Gold					370,258

1. Fuels consumed to produce electricity other than hydroelectricity include coal, fuel oil, natural gas, nuclear (Ontario), biomass and renewables as reported by electricity providers.

FUEL CONSUMPTION BY MAJOR SOURCES, BY SITE <sup>1</sup>							
TYPE OF FUEL	NEW AFTON	MESQUITE	PEAK	CERRO SAN PEDRO	BLACKWATER	RAINY RIVER	TOTALS
Diesel (litres)	4,754,145	28,944,371	2,693,757	4,698,753	44,696	28,769,658	69,905,381
Gasoline (litres)	123,120	376,400	5,614	49,986	7,209	1,766,623	2,328,952
Propane (litres)	17,686	587,499	112,091	15,758	0	343,704	1,076,738
Natural gas (GJ)	55,282	0	0	0	0	0	55,282

1. Fuels consumed to produce electricity other than hydroelectricity include coal, fuel oil, natural gas, nuclear (Ontario), biomass and renewables as reported by electricity providers.

## BIODIVERSITY AND WILDLIFE MANAGEMENT

### IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS WITHIN SITES<sup>1</sup>

SPECIES	LOCATION	IUCN STATUS <sup>2</sup>	OTHER STATUS
Fairy Duster	Mesquite	n/a	<i>California Native Plant Protection Act</i> – Sensitive and Protected species
Desert Tortoise	Mesquite	Vulnerable	<i>USA Endangered Species Act</i> – Threatened and Endangered species
Candy Barrel Cactus	Cerro San Pedro	n/a	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
Electrode Cactus	Cerro San Pedro	n/a	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
Snowball Cactus	Cerro San Pedro	n/a	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Threatened
Stenocactus Coptonogonus	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
Peyotillo	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
Worthen's Sparrow	Cerro San Pedro	Endangered	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Engineered
Northern Flicker	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Engineered
Black-Tailed Jackrabbit	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
American Badger	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – No Endemic-Endangered
Striped Whip Snake	Cerro San Pedro	Least Concern	n/a
Greer's Mexican Kingsnake	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – No Endemic-Endangered
Mexican Pine Snake	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – No Endemic-Endangered
Mohave Rattlesnake	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
Huamantlan Rattlesnake	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected

Mexican Mud Turtle	Cerro San Pedro	Least Concern	Mexican Official Norm of SEMARNAT NOM-059-SEMARNAT-2010 – Endemic-Protected
Kultarr	Peak Mines	Least Concern	<i>New South Wales Threatened Species Conservation Act</i> – Endangered Species
Western Toad	New Afton	Vulnerable	British Columbia – Blue List <sup>3</sup> ; <i>Canada Species at Risk Act (SARA)</i> – Special Concern
Great Basin Spadefoot Toad	New Afton	Least Concern	British Columbia – Blue List; <i>Canada Species at Risk Act (SARA)</i> – Threatened
Northern Caribou	Blackwater	Least Concern	British Columbia – Blue List; <i>Canada Species at Risk Act (SARA)</i> – Threatened
Whitebark Pine	Blackwater	Vulnerable	British Columbia – Blue List
Eastern Whip-poor-will	Rainy River	Least Concern	<i>Species at Risk in Ontario (SARO)</i> – Threatened <i>Canada Species at Risk Act (SARA)</i> – Threatened – Schedule 1
Bobolink	Rainy River	Least Concern	<i>Species at Risk in Ontario (SARO)</i> – Threatened <i>Canada Species at Risk Act (SARA)</i> – Threatened
Barn Swallow	Rainy River	Least Concern	<i>Species at Risk in Ontario (SARO)</i> – Threatened <i>Canada Species at Risk Act (SARA)</i> – Threatened

1 Management plans and/or procedures exist for all 25 species listed.

2 The International Union for Conservation of Nature (IUCN) Red List of Threatened Species includes seven categories ranging from Least Concern to Extinct.

3 Includes any indigenous species or subspecies considered to be of Special Concern (formerly Vulnerable) in British Columbia.

## MINE CLOSURE

	LAND UNDER RESTORATION <sup>1</sup>					
	NEW AFTON	MESQUITE	PEAK MINES	CERRO SAN PEDRO	BLACKWATER	TOTAL NEW GOLD
Hectares	74.15	2.1	16.82	11.3	8.5	112.87

1 The approximated figures for on-site restoration activities include only areas under rehabilitation within our mining leases. This refers to all areas where reclamation activities have been initiated, and includes a wide range of activities such as seeding, replanting, subsidence work of filling or capping mine shafts, and removal of contaminated material.

## GLOSSARY OF ACRONYMS

AWR	Alliance for Water Stewardship (multi-stakeholder initiative to establish a globally consistent framework outlining the expectations of responsible water stewardship)
CEMEFI	Mexican Center for Philanthropy
CSR	Corporate Social Responsibility
G4	Fourth Generation Framework
GHG	Greenhouse gases
GRI	Global Reporting Initiative
HSE & CSR	Health, Safety, Environment and Corporate Social Responsibility Policy
ICMC	International Cyanide Management Code
ICMI	International Cyanide Management Institute
ICMM	International Council on Mining & Metals (international mining association dedicated to maximizing the contribution of mining, minerals and metals to sustainable development)
ISO 14001	International Organization for Standardization 14001: international standard for effective Environmental Management Systems
ISO 26000	International Organization for Standardization 26000: standard for integrating social responsibility practices and principles into management systems
ISO 50001	International Organization for Standardization 50001: a structured framework for energy management intended to increase energy efficiency, reduce costs and improve energy performance
ITRB	Independent Tailings Review Board
IUCN	International Union for Conservation of Nature (creator of the Red List of Threatened Species)
JOHSC	Joint Occupational Health and Safety Committee (internal advisory body for workplace health and safety issues)
LTI	Lost-Time Injury
LTIFR	Lost-Time Injury Frequency Rate (workplace injury measurement standard)
SEDAR	Canadian System for Electronic Document Analysis and Retrieval
TRI	Total Reportable Injuries (workplace injury measurement standard)
TRIFR	Total Reportable Injury Frequency Rate (workplace injury measurement standard)

TSM	Toward Sustainable Mining initiative (Mining Association of Canada's strategy for improving the mining industry's sustainability performance)
UNGC	United Nations Global Compact defining 10 principles relating to human rights, labour, environment and anti-corruption
UWR	Ungulate Winter Range (protected area in the Province of British Columbia)