BECOMING THE PARTNER OF CHOICE

2017 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.

CREATIVITY: LEAD WITH INNOVATION

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

INTEGRITY: DO WHAT IS RIGHT

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

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 with a portfolio of producing assets and one significant development project. The Rainy River and New Afton Mines in Canada, the Mesquite Mine in the United States, and the Cerro San Pedro Mine in Mexico (which transitioned to residual leaching in 2016) provide the company with its current production base. At the end of 2017, New Gold entered a sale agreement of the Peak Mines gold-copper mine in Australia, and the sale of this asset closed in early 2018. New Gold also owns 100% of the Blackwater project, located in Canada.

CONTRIBUTING TO SUSTAINABLE DEVELOPMENT: A BUSINESS PRIORITY

At New Gold, our overarching corporate responsibility goal is to contribute to sustainable development by minimizing any negative impacts associated with our activities, and at the same time, maximizing positive contributions to social and economic well-being in the areas we operate.

We manage our business in a way that ensures we have an understanding of the impacts of our activities on local communities and the environment, and take proactive action to minimize those impacts. Likewise, we contribute to sustainable development by looking ahead and using our experience to anticipate what opportunities our activities could bring an area, and taking action to support local participation in those opportunities. We apply this approach throughout the mine life cycle, from early exploration through development and operation, to decommissioning and mine closure.

As a company, New Gold is increasingly aware of – and sensitive to – geopolitical events, global trends and the role of our business in the broader context of national and global sustainable development. We regularly scan our operating contexts and take note of industry trends and emerging risks, such as the those highlighted in the Ernst & Young Top 10 Business Risks Facing Mining and Metals annual review. In 2017/2018, three of the top ten business risks highlighted by the E&Y review are directly relevant to New Gold's sustainability strategy (i.e. regulatory risk, social license to operate, and optimization of energy), however all ten risks are relevant to our company's overall strategy and long-term prospects. With this knowledge in hand, New Gold seeks to efficiently manage its business risks while contributing to sustainable development through measured investments of personnel time and company resources.

New Gold is a signatory to, and business participant member of, the United Nations (UN) Global Compact. We joined the UN Global Compact in 2009 to signal to our stakeholders our shared belief in the principles of 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 also believes in positively contributing to the mining industry and actively engages in collaborative initiatives to learn and improve the industry's collective knowledge and contribution to sustainable development. 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
- International Cyanide Management Code

We regularly contribute to strategic and communication efforts of organizations such as the 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 ore-grinding.

A description of New Gold's participation in industry associations and other organizations is available in the Appendix.

ABOUT THIS REPORT

This is our tenth corporate responsibility report and was prepared using the Global Reporting Initiative framework. New Gold's Corporate Responsibility Report provides a comprehensive review of our achievements and challenges related to health and safety, environmental management, community engagement and development, and corporate governance during the 2017 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 and non-Indigenous communities, suppliers, environmental organizations, governments, the financial and investment communities, and current and potential investors in New Gold's shares and notes.

This year, we are transitioning from the Global Reporting Initiative (GRI) G4 Guidelines (option Core) to the GRI Standards, which were released in 2016. The GRI is an independent organization that sets voluntary guidelines for sustainability reporting and we adhere to the GRI reporting framework to demonstrate our commitment to transparency, clarity and comparability in reporting. Refer to our GRI Content Index for a list of disclosures and performance indicators addressed in this report. The Index can also be used to quickly locate specific information within the report. New Gold relies on an internal assurance process to verify that data presented is accurate and consistent, and compiled in accordance with the standards set out in the GRI guidance.

COMPARING GRI G4 TO THE GRI STANDARDS: KEY CHANGES

The GRI periodically updates its sustainability reporting framework in an effort to continuously improve the framework and evolve to meet report user needs. Most of the changes introduced with the GRI Standards were related to the structure and format of the framework – making the framework more user friendly for reporters but with little impact to the content found in sustainability reports.

The primary changes introduced with the GRI Standards that have been reflected in New Gold's 2017 Corporate Responsibility Report include the clarified meaning of 'impact' when considering material topics, the updated guidance for defining the reporting boundary for each material topic, and the expanded reporting guidelines for disclosures on management approach.

This report provides data related to New Gold's operating mines and development projects, unless otherwise noted. Our Rainy River mine achieved commercial production at the end of 2017. As a result, a full year of data is not available for this operation in 2017. Because of this, some calculations exclude Rainy River data and these areas have been flagged throughout the report.

All dollar amounts are in U.S. dollars 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.

MATERIALITY – WHAT TOPICS TO REPORT

A materiality assessment is a process to determine what information should be made available in this sustainability report. In completing a materiality assessment, New Gold identifies the topics and information that are most relevant to the company's a) impacts and b) stakeholder interests.

Further, the GRI identifies a wide range of topics that may be relevant to reporting organizations' positive and/or negative impacts on sustainable development. Organizations reporting using the GRI are asked to consider which topics are most relevant to the direct and indirect social, environmental, and economic impacts of their business. Organizations are then asked to consider these impacts and topics in relation to how they may influence the assessments and decisions of stakeholders, including shareholders, employees, government parties, local communities, and internal decision makers in the organization. Using a set of principles prescribed by the GRI, the above process is called a materiality assessment and is completed annually to identify New Gold's material topics.

In 2017, we once again reassessed the selection of material topics for New Gold. The New Gold materiality review process included:

1. Materiality assessments conducted independently at each site;
2. Consolidation through a company-wide assessment performed at the corporate level; and
3. Validation and prioritization 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 community engagement activities, as well as a review of local trends and media. Assessments are done in consideration of the individual site's unique context and management focuses regarding environment, health and safety, employment practices, community engagement and community development.

The company-wide review conducted at the corporate level focuses on reviewing results from site-level materiality assessments, in addition to a media review and engagement with industry and other relevant organizations, such as the GRI, World Gold Council, International Council for Mining and Metals, Resolve, ISS, Sustainalytics and Corporate Knights. Our materiality assessment also considered national and international landmark events and/or developments such as the Government of Canada's ongoing reconciliation efforts with Indigenous Peoples, 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 2017 includes:

Keeping people safe:

- Occupational Health and Safety

Protecting the environment:

- Water consumption
- Water quality
- Tailings management
- Compliance with environmental regulations
- Cyanide management
- Biodiversity

Addressing climate change:

- Energy and GHG emissions

Ensuring a sustainable legacy for local communities:

- Economic development
- Local procurement and employment
- Community health and wellbeing
- Engaging with key communities of interest:
    - Indigenous engagement
    - Community engagement

Demonstrating diversity and inclusion:

- Gender diversity

A table detailing associated GRI index and boundaries of our material topics is available in the Appendix.

LETTER FROM THE CHAIR OF THE BOARD

Corporate Knights 2017 FUTURE 40 Responsible Corporate Leaders in Canada

BUILDING OUR SHARED FUTURE

2017 was a year of important achievements including the start of commercial production at Rainy River, as well as the sale of the Peak Mine in Australia as the company focuses on its core operations in Canada. Throughout this year, while we pushed forward to increase production and improve our financial performance, we sought to emphasize the importance of our relationships with our Indigenous and local communities while complying with our environmental obligations at all of our sites.

Corporate Social Responsibility remained a top priority for New Gold in 2017. At Rainy River, the commencement of commercial production would not have been possible without the support of local Indigenous and non-Indigenous communities founded in trusting relationships developed and maintained through meaningful dialogue. At Cerro San Pedro, where we are continuing our phased closure, we continue to work with our local communities, suppliers and partners to ensure that our process provides opportunities for positive outcomes and a high standard of closure that considers the social aspects as a key component – building our shared future.

OUR VALUES AND PRINCIPLES

New Gold is a values-based company that believes in doing what is right. We are signatories and supporters 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 corporate standards are based on best practices and international guidance such as ISO 14001 (Environmental), ISO 45001 (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* (TSM) Protocols, and we apply them at our domestic and international sites. In 2017, our Cerro San Pedro site was presented with a TSM Leadership Award – an achievement in which we take great pride.

These standards continue to guide our practices and our strategy as we identify areas of focus and set short- to long-term goals.

EMPLOYMENT PRACTICES

At New Gold, we recognize that our people are our greatest asset. We adopt labour practices that comply with local laws and regulations at a minimum. We ensure that priority is given to employment of local community members as well as training and hiring of Indigenous employees. At our Rainy River and New Afton sites, our workforce is made up of over 20% Indigenous employees – well above the industry average of 6%.

Our company sees the value of being an employer that is both inclusive and diverse. We can proudly boast that we have several women within our senior management team, and through board renewal we will see a more gender inclusive board in 2018.

At our Cerro San Pedro mine, we are reducing employee levels while undergoing phased closure. As a part of that transition, we encourage our employees to undergo training made available by New Gold that will provide skills needed for other employment opportunities. We look for placement opportunities for our employees in other industrial sectors that are found locally. We also make available guidance and training to become entrepreneurs – a service that is extended not only to employees, but to all local community members as part of our Economic Development Plan.

HEALTH AND SAFETY

2017 saw strong performance in a variety of health and safety metrics. We were saddened, however, by a fatality at our Peak mine during the year.

Our goal of zero harm reflects our commitment to the prevention of all occupational injuries and illnesses and "doing the right thing" as a core value at New Gold. We continue to strive for zero injuries by focussing on improving leading indicators and accident prevention initiatives.

ENVIRONMENT

Our environmental performance reflects the emphasis we have always put on protecting the environment and human health at all our operations. We understand that environmental management is critical to all of our communities of interest and, therefore, to our business strategy. The way we manage cyanide, water, tailings, biodiversity, energy and greenhouse gas emissions is particularly significant to our local and global communities of interest, and essential for meaningful relationships to be developed and maintained.

COMMUNITY ENGAGEMENT AND DEVELOPMENT

At New Gold, we believe that respectful and meaningful dialogue with communities, with the objective of making a lasting and positive contribution to sustainable development, goes beyond a moral imperative and is a key driver to achieving a productive and sustainable business in the long term. All New Gold mines and projects actively engage with their respective local communities and strive to be contributors to their economic and social well-being.

During 2017, our community teams initiated the development of standards and guidelines that will ensure we have a consistent approach to our local Indigenous communities, based on best practices and our own experiences.

LOOKING FORWARD

We have exciting challenges in front of us for 2018. A key area of focus is ongoing work to optimize the operations at Rainy River. In addition, New Afton continues to assess the C-zone expansion which, if the project goes ahead, will add years to the current mine life. Our efforts to obtain the Environmental Approval Certificate for our Blackwater project are ongoing.

Just as important as these operational initiatives is our commitment to our people, health and safety, the environment and our communities of interest. We believe that leadership in these areas is the best way to secure long-term value and growth for our investors. I would like to thank our employees, contractors, local Indigenous communities and non-Indigenous communities for their support – contributions that ensure New Gold's success.

Yours truly,

Ian Pearce
Chair of the Board

CORPORATE SOCIAL RESPONSIBILITY AT NEW GOLD

New Gold has consistently worked to build strong relationships and a positive reputation with the company's many communities of interest, and believes that upholding best practices in corporate responsibility is vital to the company's long-term success and its vision to be the partner of choice for communities, Indigenous Peoples, governments and shareholders. By acting ethically and with integrity, we are able to make responsible decisions that decrease risks to our operations, employees, and contractors as well as minimizing impacts on the environment, and providing lasting benefits to local communities.

New Gold has been recognized as an industry leader for its excellence in corporate responsibility. In 2017, New Gold was the fourth-highest ranked mining company and fourteenth ranked company overall in the *Future 40 Most Responsible Corporate Leaders in Canada* by Corporate Knights, which recognizes Canada's emerging sustainability leaders that are small to mid-cap corporations. For the past eight 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 2017, Cerro San Pedro received the Mining Association of Canada's *Towards Sustainable Mining* Leadership Award for outstanding externally verified results in all TSM protocols.

CORPORATE RESPONSIBILITY STRATEGIC PRIORITIES (2016–2021)

Our Environmental and Social Responsibility team completed a five-year Strategic Plan in 2016 to identify corporate responsibility goals and targets which are described in the performance scorecards throughout this report. These performance scorecards evaluate our progress against goals in several areas, including corporate governance, health and safety, local communities, and environment. Our goals were mapped against the United Nations Sustainable Development Goals (SDGs) developed to guide global efforts towards the end of poverty, protection of the environment, and ensuring prosperity for all. Our goals were mapped against the SDGs to explore how our work contributes to the broader goals of the SDGs, and the table below includes the Environmental and Social Responsibility five-year goals and the SDGs we believe we will be contributing to.

Contribute to sustainable development by maximizing long-term benefits through strategic community investments, local procurement, development of sustainable businesses, 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 through engagement with stakeholders and public reporting	• SDG 16: Promote just, peaceful and inclusive societies

New Gold's three main environmental and social responsibility goals above 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.

GOVERNANCE AND MANAGEMENT SYSTEMS: HEALTH, SAFETY, ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY (HSE & CSR)

New Gold strives to continue being a leader in corporate responsibility: recognized for excellence in health and safety, environment and community engagement and development.

BOARD AND SENIOR MANAGEMENT OVERSIGHT

The Board 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 on an ongoing basis and operates in a safe and reliable manner. 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.

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. 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.

The Health, Safety, Environment & Corporate Social Responsibility Committee is a Committee of the Board that reviews and monitors the health, safety, environment and corporate social responsibility activity of the company on behalf of the Board.

At the corporate level, the Health & Safety and the Environment and Social Responsibility Directors have responsibility for related initiatives, targets and performance, and report activities and progress to our Vice President, Operations and General Counsel, and Vice President, Government Relations, respectively. Each site is supported by professionals in these disciplines to ensure sites operate in a manner that aligns with the expectations of the company and the company's stakeholders.

COMPLIANCE WITH LAWS AND REGULATIONS

New Gold maintains standards and processes to ensure that relevant legal, regulatory and other health, safety, environment and social responsibility requirements are identified, understood and complied with.

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 we are committed to reflecting the United Nations Global Compact's 10 principles relating to human rights, labour, the environment and anti-corruption in our business operations.

The table below describes the key Human Rights matters relevant our business and identified by the UN Global Compact, as well as the management tools we have put in place.

UN Global Compact Category	Key Issues Relevant to New Gold's Business Impacts *(Actual and Potential)*	Issue Management Tools in Place
Human Rights	Security practices	Human Rights Policy UN Global Compact
Labour	Non-discrimination Freedom of association and collective bargaining Health and safety	Health, Safety, Environment and Corporate Social Responsibility Board Committee Charter Whistleblower Policy
Environment	Access to adequate amounts of clean water Access to clean air	New Gold Environmental Management Standards Health, Safety, Environment and Corporate Social Responsibility Board Committee Charter International Cyanide Code certification Tailings, Heap Leach and Waste Rock Facilities Management Policy
Anti-Corruption	Bribery and corruption	New Gold's Code of Business Conduct and Ethics Anti-Bribery and Anti-Corruption Policy World Gold Council Conflict-Free Gold Standard documents Whistleblower 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. New Gold's Anti-Bribery and Anti-Corruption Policy (the ABAC Policy) is designed to promote compliance with applicable anti-bribery laws and ethical business practices, support transparency and mitigate the risk of corruption. The ABAC Policy is supported by an ABAC compliance program with 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.

POLICIES AND STANDARDS

New Gold's Health, Safety, Environment and Corporate Social Responsibility (HSE&CSR) Policy describes our commitments and is reinforced by our Code of Business Conduct and Ethics, ABAC Policy and Human Rights Policy. These company-wide policies give direction to management systems consistent with the following international best-practice standards and frameworks:

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

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY POLICY: SUMMARY OF KEY GOALS

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

To put the above goals into practice, we have developed and fully implemented three internal management standards: Health and Safety; Environment and Community Engagement and Development.

Measuring performance through regular audits is an important way to ensure our standards are properly implemented and performance is continuously improved. Each standard specifies regular reviews including internal and external audits, in addition to external verification of the Toward Sustainable Mining (TSM) protocols. Individual mines may also maintain site-specific policies and processes to ensure compliance with local regulations or other commitments.

CONFLICT-FREE GOLD

We are a 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.

New Gold does not cause, support or benefit from unlawful conflict, or contribute to serious human rights abuses or breaches of international law in the course of our gold production and sale activities. For the fifth 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. At a country level, however, Mexico has been identified at the highest level of conflict. Historically, to be conservative, a detailed comparison of our practices at Cerro San Pedro were assessed against the Conflict-Free Gold Standard. However, since the gradual closure of this mine commenced in 2016, our approach has been to perform a similar level of assessment to that applied to our operations in other jurisdictions.

We continually monitor the Conflict Barometer's assessment of San Luis Potosi and other jurisdictions where we operate and conduct the appropriate level of assessment based on the Conflict-Free Gold Standard requirements.

PUBLIC POLICY

As a global mining company, New Gold is affected by evolving public policy in each jurisdiction we operate in. In particular, mining-related policy and tax policy can impact the viability and the profitability of our operations. 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 engages with decision makers either directly or via membership in associations that engage decision makers, in order to communicate New Gold's interests and help ensure that government policies achieve their intended objective and are implementable on the ground at our sites.

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: the American Exploration and Mining Association, Mexican Mining Chamber and Canadian Chamber of Commerce in Mexico. All sites maintain regular dialogue with local regulatory authorities.

SCORECARD 1: CORPORATE GOVERNANCE

PRIORITIES	2017 TARGET		2017 PERFORMANCE	2018 TARGET
TRANSPARENCY	Publish 2016 Corporate Responsibility Report in accordance with GRI G4	✓	ACHIEVED The 2016 Corporate Responsibility Report was published in accordance with GRI G4 in April 2017.	Begin transitioning Corporate Responsibility reports to align with GRI Standards.
	Publicly report payments to government through the Extractive Sector Transparency Measures Act (ESTMA).	✓	ACHIEVED Publicly reported payments to government through the Extractive Sector Transparency Measures Act (ESTMA).	Continue to publicly report payments to government through the Extractive Sector Transparency Measures Act (ESTMA), including payments made to Indigenous governments. SDG 16
POLICIES, STANDARDS AND GUIDELINES	Establish guidance for Indigenous Business Contracts at Canadian sites.	✓	ACHIEVED The New Gold Local Procurement Standard was established in October 2017.	Implement training on the New Gold Local Procurement Standard at Canadian sites. SDG 8, SDG 10, SDG 16
	Maintain full International Cyanide Management Code (ICMC) certification at Mesquite and Cerro San Pedro Mines.	✓	ACHIEVED Both Mesquite and Cerro San Pedro have maintained ICMC Certification.	Maintain full International Cyanide Management Code certification at Mesquite and Cerro San Pedro mines. SDG 6, SDG 15

✓ **ACHIEVED** ✗ **NOT ACHIEVED** ⊖ **PARTIALLY ACHIEVED**

SDG = SUSTAINABLE DEVELOPMENT GOAL

OUR PEOPLE

Our people are at the core of our success. We depend on skilled, hard-working, and empowered employees to contribute to our business and we strive to be an employer of choice. To support this, we create a culture of collaboration and inclusiveness at all levels of the organization, which is reflected in our hiring and advancement practices. 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. Our Rainy River and New Afton mines are great examples, as the majority of employees are residents of the local area and active members of the community. For further information on our local hiring practices, see the Local Communities tab in this Corporate Responsibility Report.

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 a tailored development plan that supports them in reaching their full potential.

We emphasize to our employees and contractors that they must demonstrate leadership and commitment to sustainable development through effective health, safety, environment, and social responsibility management.

WORKPLACE DIVERSITY AND INCLUSION

New Gold has an inclusive approach that respects diversity. We have a zero-tolerance policy regarding discrimination, as well as verbal, physical or sexual harassment.

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".

The New Afton Mine has also been recognized for excellence in diversity. The inaugural BC Mining HR Diversity Award (2013) presented by the Mining Association of British Columbia and the BC Mining HR Task Force recognized New Afton and the BC Aboriginal Mine Training Association (BCAMTA) for an outstanding commitment to encouraging and supporting diversity within the workforce. The award recognized that the BC AMTA/New Gold initiative has had a significant, positive impact at the New Afton operation – for its employees and for nearby communities.

GENDER EQUALITY

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. We recognize that recruiting and retaining women at mine sites is a challenge for us as well. New Gold takes steps to support gender diversity in the workplace and ensures that gender does not factor into salary and bonus determinations.

We have been increasingly successful in hiring and retaining women in leadership positions at our corporate office as well as mine sites. Across our company, women represent 14% of our direct employees. We recognize that this figure is below the Canadian average of 17% and are committed to working towards understanding and addressing the barriers we face to increase female participation in our workforce. As an indication of our commitment to increase gender diversity at the highest levels of our organization, we have three female members of our Board of Directors.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Everywhere we operate, we strive to include all levels of employees in decision-making processes and have not experienced strikes or lockouts at our operations to date.

At all New Gold operations, workers have the right to freely associate and collectively bargain; however, Cerro San Pedro is our only mine that has unionized employees. On December 31, 2017, 74 of the 129 Cerro San Pedro employees – about 54%– were covered by a collective bargaining agreement. These figures have fluctuated over the last two years as we continue to implement the phased closure of the Cerro San Pedro Mine (from 58% in 2015 and 42% in 2016).

LOCAL COMMUNITIES

Wherever we operate, we live our values and strive to be a partner of choice for local communities and Indigenous Peoples. For New Gold, this means making significant efforts to understand the potential impacts of our operations and taking action to minimize negative impacts, while diligently looking for ways to maximize opportunities to contribute to the long-term sustainable development of our host communities.

Based on several internationally recognized best-practice frameworks, the New Gold Community Standards provide guidance to our sites describing how to identify communities of interest and effectively engage with these people and sustain respectful, inclusive dialogue. At each site, our standards are being progressively implemented to guide site-level management systems that work to ensure site operations respect human rights, identify opportunities for sustainable community investments, and maximize local hiring and contracting.

The New Gold Community Standards also drive us to continually evaluate our approaches and improve where necessary. All sites are expected to have an external audit, peer audit or self-assessment annually based on an audit schedule. Sites adopt a consistent approach to identifying and controlling social risks and report performance through these audits and assessments.

SCORECARD 3: COMMUNITY ENGAGEMENT AND DEVELOPMENT

PRIORITIES	2017 TARGET		2017 PERFORMANCE	2018 TARGET
ENGAGEMENT	Advance the implementation of the New Gold Community Standards to 100%.	✓	ACHIEVED Community Standards were implemented at all operating sites (except Rainy River, which started operations in Q4).	Review the New Gold Community Standards to reflect leading practices. SDG 16
LOCAL ECONOMIC IMPACTS	Establish five small businesses in the communities surrounding the Cerro San Pedro Mine through the Entrepreneurial Development Program.	✓	ACHIEVED Five small businesses were created or significantly expanded with the support of the Entrepreneurial Development Program.	Use the microloans program of the Todos por Cerro de San Pedro Foundation to support five entrepreneurs in the communities surrounding the Cerro San Pedro Mine. SDG 8

✓ ACHIEVED ✗ NOT ACHIEVED ⊖ PARTIALLY ACHIEVED

SDG = SUSTAINABLE DEVELOPMENT GOAL

Spring and Fall Ceremonies at Rainy River

Our Rainy River Mine is located within the traditional territory of the Anishinaabe nations, in Northwestern Ontario. While 2017 marked the year that Rainy River achieved commercial production, the site already had a special tradition well established – annual spring and fall ceremonies. These ceremonies started in 2011 when Rainy River team members were gifted with a teaching by local Anishinaabe Elders, who advised on the importance they place on ceremony during the mining process.

Signaled by a high sun and the first strawberries, each spring an Elder from one of the local Anishinaabe communities shares their wisdom with the Rainy River team. The spring ceremony celebrates the earth gently waking up, with new growth on trees and plants, water flowing after the ice has melted, and the birth of local animals. Fall ceremony focuses on the rest period which will come with the winter months, when the land has the opportunity to rejuvenate. With guests from surrounding communities and the onsite operations team present, the ceremonies mark a time to renew friendships and enjoy a meal together.

Over the years, Rainy River has been honoured to receive wisdom of Elders from numerous communities through these ceremonies, with each offering special advice that has enhanced our understanding of the Anishinaabe nations and the culture, heritage and values. These ceremonies have left a lasting impression on how our team members operate within the context of that heritage and values.

Wildfire Support at New Afton

During the Elephant Hill fire, which began in July 2017 and was finally declared as contained on October 2nd, New Gold offered considerable support and resources to the Skeetchestn and Tk'emlups te Secwepemc First Nations.

As the fire's risks to local communities became apparent, the New Afton Emergency Response team went out to visit Skeetchestn and offered Fire Smart initiatives to help reduce fire hazards. When the fire was 4 km from the edge of the Skeetchestn reserve, New Gold, in partnership with Brentwood Construction, provided equipment which was used to build a firebreak around the community.

During the Skeetchestn evacuation order in August, community members were directed to Tk'emlups te Secwepmc, where an Emergency evacuation centre had already been set up. The Tk'emlups te Secwepemc hosted members of four other evacuated First Nations communities in addition to Skeetchestn. New Gold also provided specialized equipment for Tk'emlups to use to store food for the evacuees.

Throughout the fire, New Gold's Senior Advisor for Indigenous Relations provided support at the Skeetchestn Emergency Operations (EOC) Centre and helped coordinate any others resources that were required during the fire.

Inauguration of the *Todos por Cerro de San Pedro* Foundation

The *Todos por Cerro de San Pedro* (All for Cerro de San Pedro) is a civil association that works to promote local economic development actions under the Socioeconomic Strategy of the Cerro San Pedro Integrated Closure Plan. The Foundation was created by its Board of Directors, who are representatives of New Gold, and initially the Foundation will receive its funding from New Gold. The Foundation has created a seed fund and aims to provide advice to strengthen economic development initiatives in the area.

The Foundation has been created with the objective of supporting a local economic development plan for the thirteen communities and three ejidos (communally-owned land holdings) that comprise the Municipality of Cerro de San Pedro. As a collaborator, the Municipality of Cerro de San Pedro will rely on a council that represents members of the various communities who will be active participants in the Foundation's operations.

In October 2017, the Foundation unveiled the 2017-2020 Strategy Plan before members of the various Cerro de San Pedro communities and Municipal council, Cerro San Pedro mine personnel, as well as representatives from local and regional public institutions, universities and civil society organizations. Also during the event, a group of entrepreneurs shared their experiences working with the Foundation to develop training and resource management skills in their respective businesses. The event included the participation of the Venado Youth Symphony Orchestra (Music for Life Foundation A.C.), who delighted those present with a concert.

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

Mining can bring significant environmental, social, and economic changes to an area. In an increasingly connected and informed world, stakeholders near mining operations want open and regular communication about mining activities and associated impacts and opportunities. New Gold recognizes the importance of understanding the people and community dynamics in the areas we operate, so that we can form trust-based relationships and contribute to sustainable socioeconomic benefits. The foundation for this is 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 closure.

DESCRIPTION OF IMPACTS

Communication, or lack thereof, can make or break any relationship. When communication is adequate and genuine, all parties are more likely to understand each other and collaborate in mutually beneficial ways. When communication is lacking in frequency and sincerity, parties are less likely to trust one another and be willing to work together. This can lead to the development of negative perceptions of both parties. At New Gold, we understand that the people around our operations want to communicate directly with us to obtain the information they need. Likewise, we want to communicate directly with the people around us to hear what they have to say and to provide relevant information wherever possible.

MANAGEMENT APPROACH

We seek to maintain open dialogue with all individuals and groups who express an interest in, or may potentially be affected by, our activities. New Gold's communities of interest are groups or individuals who have an interest in our business or operations, are impacted by our business or operations, or may have an impact on our business or operations. Across our sites, key communities of interest include 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.

We are vigilant in tracking how people and organizations are affected by our activities in order to understand and address any concerns, and continuously look for opportunities to address their interests. Our sites use stakeholder mapping practices to tailor 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 Standard. As a result of this tailored approach, engagement activities vary depending on the site, but all approaches include a mix of broad community meetings, small interest group meetings, workshops, site visits/tours and open houses.

As an example, at Cerro San Pedro, during its staged closure, our team continues to engage with local communities and government agencies to maintain two-way communication regarding closure activities, social development and infrastructure improvement programs. 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. Our Cerro San Pedro team is an active participant in local cultural and economic development initiatives.

Our 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 environmental, economic, social, heritage and health effects of the project and provides opportunities for public comments about potential effects. New Gold also holds 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 Indigenous groups and organizations also continues as a critical part of the project's engagement program.

Blackwater has also established an advisory forum, called 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 include 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. So far, the Committee has discussed: operational shift scheduling, community health, post-secondary education, and skilled labour attraction and retention. 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 cultural 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.

We encourage and support employees who want to be active participants in our host communities. Our employees become involved at every level of civil society and over each year our sites and employees volunteer at various cultural and sporting events, community clean-up activities and initiatives to encourage recycling and healthy lifestyles.

New Gold also regularly engages with communities of interest through national and international organizations and initiatives as well as industry associations.

We invite comments and suggestions about our approach to social responsibility, as well as the content of this report, at sustainability@newgold.com.

2017 ENGAGEMENT SPOTLIGHT

- In 2017, all New Gold sites hosted regular engagement activities.
- 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.
- For the sixth 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. In addition to community meetings and household visits, in 2017, almost 12,000 people visited the New Gold Information Module in the 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[1]

SITES	2014	2015	2016	2017
New Afton	2	0	0	4
Mesquite	0	0	0	0
Peak Mines	4	11	5	1
Cerro San Pedro	3	3	0	6
Blackwater	0	1	1	0
Rainy River	n/a	49	56	21
Total	9	64	62	32

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

During the last three years, the majority of complaints received across the company have been associated with Rainy River. The Rainy River project started its formal process to receive and address external feedback in 2015. The significant activities associated with construction of the mine, in an area with little previous mining activity, was a rich source for valuable feedback from the local communities in 2016. With continuing construction and start of commercial production in 2017, the number of complaints received has declined significantly.

Complaints received at Rainy River were associated with a variety of issues, mostly related to with the conditions of roads, road safety, and the impact of construction activities on private property. Other complaints were related to noise, vibration, light, and safety. Through 2016 and 2017, the feedback received has contributed to much of the site's engagement activities and ongoing work to address local communities' concerns and suggestions.

CONTRIBUTING TO SUSTAINABLE COMMUNITY AND REGIONAL DEVELOPMENT

The socioeconomic benefits at the local, regional, and national scale associated with mining activities are the counterbalance to the environmental risks and impacts discussed throughout this report. Quality of life and social well-being require the economic security that comes with industrial development. As a result of this balancing act and the recognition that the people closest to our operations are the ones who are most acutely aware of- and potentially affected by- the impacts of our operations, we prioritize these same people when it comes to providing economic opportunities and benefits.

DESCRIPTION OF IMPACTS

Our business stimulates the local and regional economies surrounding our projects and mines. We pay taxes and royalties directly to governments, which in turn is often used to build and maintain critical infrastructure such as roads, schools, and hospitals. The salaries and revenues earned by our several hundred employees, contractors, and suppliers – who mostly originate from areas near our operations – have direct and significant positive impacts on local and regional socioeconomic conditions. We also directly contribute to local communities through our community investment program. Indirect economic impacts often include the development of local and regional infrastructure.

MANAGEMENT APPROACH

At New Gold, we aim to understand our host communities' priorities so that we can better contribute to the sustainable economic development of the local area. In addition to engaging with communities to understand their needs and priorities, we commissioned three independent studies that were completed by economic development specialists in the past several years, focused on Cerro San Pedro, Rainy River, and New Afton mines. The findings from these studies inform our approach to understanding and leveraging opportunities to maximize sustainable economic development of the areas around these mines.

TRAINING AND EMPLOYMENT

Hiring and training local people is one of the major ways we contribute to local economies. We support training and employment of local Indigenous Peoples with internal training programs. Our New Afton, Rainy River and Blackwater sites are great examples of building local capacity among local First Nations and Métis communities, as well as other non-Indigenous local community members, which allows us to source a significant portion of the workforce we need from these same communities.

COMMUNITY INVESTMENTS[1] ($ 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.

At Rainy River, the construction period provided a great opportunity to train employees for long-term operations. The construction phase involved significant expenditures and it was a priority for New Gold to maximize the proportion of spend allocated to Indigenous companies. During 2017, at our Rainy River site, $64 million (22% of our direct total procurement spending) went to First Nations and Métis-owned companies, including joint ventures. At New Afton, $25 million (28% of our direct total procurement spending) went to First Nations companies and joint ventures. See the Working with Indigenous Communities tab for further information on our approach to prioritizing benefits for local Indigenous communities.

Looking forward, we plan to roll out the New Gold Local Procurement Standard at Canadian sites. The Standard will provide clarity and consistency regarding procurement practices across our sites.

ECONOMIC VALUES GENERATED AND DISTRIBUTED ($ MILLIONS)[1]

ECONOMIC VALUES	2015	2016	2017
Mineral revenues	712.9	683.8	774.9
Expenditures for materials, products and services[2]	689.8	790.3	833.8
Exploration expenditures[3]	4.0	7.4	8.7
Employee wages and benefits (includes payroll taxes paid to governments)	137.4	160.3	196.3
Payments to providers of capital (interest paid and standby fees)	52.3	55.3	63.7
Payments to governments[4] (royalties, property, production and income taxes)	26.6	15.5	32.0[5]
Community investments[6]	7.3	7.4	16.0

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.
2. These figures include operational as well as capitalized expenditures. Does not include exploration expenditures.
3. Excludes corporate business development and wages.
4. Includes production and property payments, income and other corporate taxes, and royalties paid to governments.
5. By country, payments to governments at all levels in 2017 were $5 million in Canada, $14 million in the U.S., $11 million in Australia and $2 million from Mexico. Any 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.
6. 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 and impact benefit agreements, contributions to charities, NGOs and research institutes, 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. The significant increase in 2017 is due to issuance of shares for First Nations and Métis associated with the achievement of various milestones at the Rainy River Mine.

COMMUNITY INVESTMENTS

At New Gold, we consider Community Investments to be donations, sponsorships and/or other investments and payments made through Participation Agreements and Impact Benefit Agreements.

New Gold supports many organizations through donations and sponsorships. Our corporate Donations Committee meets on a quarterly basis to review requests from community organizations. Our sponsorships and donations support education, health and wellness, economic diversification, job creation, food banks and environmental conservation initiatives.

All New Gold sites continually seek opportunities to support community organizations and activities by, for example, promoting skills development, encouraging local entrepreneurship, and improving environmental stewardship. In some cases, we make investments in community infrastructure with long-term benefits, such as roads, and health and education facilities.

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 and sponsors relevant industry, educational and professional organizations' events. Following the earthquakes in Mexico City and surroundings in September 2017, New Gold doubled the donation made by our Cerro San Pedro Mine to the Mexican Red Cross in support of the UNICEF Canada Earthquake Relief Fund. Other recipients of New Gold corporate donations in 2017 included Indspire, the Breakfast Club, Mining4Life and Special Olympics BC.

2017 ECONOMIC CONTRIBUTIONS PERFORMANCE SPOTLIGHT

- Across all sites, New Gold paid over $32 million in production, property, income and other corporate taxes and royalties.
- Payments for employee wages and benefits in 2017 were over $196 million, a significant increase from about $160 million in 2016 and $137 million in 2015. This is mostly because of the significant efforts in building Rainy River in 2017.
- We invested $16.8 million in community initiatives – almost $10 million more than 2016 as a result of commitments from agreements with First Nations and Métis communities at Rainy River. These investments also included infrastructure projects, scholarships, economic diversification projects, environmental conservation, and other donations and sponsorships.
- Our sites collectively invested about $764,000 in infrastructure development in local communities.
- Several infrastructure investments were completed in 2017 around Cerro San Pedro, including the La Zapatilla community access road.
- More than $170 million of our 2017 expenditures were made locally, and our out-of-country suppliers accounted for about 2.5% of our procurement spending.
- As of December 31, 2017, 70% of Rainy River employees were from local communities, and at New Afton, about 75% of employees were local.

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.

We invest significant resources to ensure our purchasing policies positively impact New Gold's Indigenous and non-Indigenous host communities by prioritizing local vendors and creating opportunities to develop local businesses, as well as 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.

New Gold has over 2,000 suppliers across our operations. Our supply chain expenditure in 2017 exceeded $833 million across our mining operations. We expect ethical behaviour and integrity from our suppliers, and work to develop relationships with suppliers who share our values. Our Anti-Bribery and Anti-Corruption Policy provides clear guidance internally to ensure key checks to confirm that our suppliers and contractors understand our expectations are in place.

2017 SUPPLY CHAIN EXPENDITURE PROFILE ($ MILLIONS)

	NEW AFTON	RAINY RIVER	BLACKWATER	MESQUITE	PEAK MINES	CERRO SAN PEDRO	TOTAL
Local[1]	9.9	20.3	0.3	28.7	20.1	1.7	81.0
Local Aboriginal[2]	25.1	64.3	0.5	–	–	–	84.9
Regional	25.2	77.6	4.9	21.5	55.7	9.5	194.4
National	27.1	117.8	0.4	56.0	16.3	38.8	256.4
International	3.3	10.4	0.1	0.5	–	1.5	15.8
Total[3]	90.6	290.4	6.2	106.7	92.1	51.5	637.5

1. Excludes local Aboriginal contracts shown on following line.
2. Only Canadian sites track data for this category.
3. Total excludes the EPCM figure.

WORKING WITH INDIGENOUS COMMUNITIES

Mining activities can change landscapes and the effects of these impacts can be particularly significant for Indigenous communities who have cultural and spiritual connection to the land. As greater clarity on Indigenous rights and title is developed in Canada and beyond, it has become essential for mining companies to recognize the unique perspectives, concerns, and aspirations of Indigenous Peoples near mining projects. New Gold's vision is to be the partner of choice for Indigenous communities, as this reflects our values and is critical to our business success.

New Gold's Canadian sites are located in areas that are in or adjacent to Indigenous Peoples' territories. We have built strong relationships with First Nations and Métis communities in the areas where we work. These relationships influence the way we work and are critical to the success of our business.

DESCRIPTION OF IMPACTS

Mining activities can have positive and negative impacts on Indigenous and non-Indigenous people near our operations. On the positive side, our activities often bring employment and economic development, education and training opportunities, and investments in broader community infrastructure and development. Negative impacts can include the alteration of landscapes, creation of environmental risks, and disruptions to established social structures.

MANAGEMENT APPROACH

When it comes to collaborating with local Indigenous groups, New Gold's approach is to be respectful and inclusive as we work to understand the values, goals, and concerns of the Indigenous communities near our areas of exploration, development and operation. We engage local Indigenous Peoples and aim to integrate their perspectives into company decision-making throughout the mining life cycle. We also work to create lasting benefits that respect their unique interests and aspirations. We continuously work to further develop our relationships with local Indigenous communities, as well as with other Indigenous organizations, and identify ongoing opportunities for collaboration.

In 2017, we reviewed our approach to Indigenous relations to ensure our values are reflected in our practices, and this resulted in the assignment of specific responsibilities within our Environment and Social Responsibility Department. Also in 2017, we joined the Canadian Council for Aboriginal Business (CCAB), an organization dedicated to fostering sustainable business relations between First Nations, Inuit and Métis people and Canadian businesses. Our membership in CCAB will help us benchmark our practices and strengthen our relationships with like-minded organizations and peers.

INDIGENOUS RELATIONS STRATEGY

A big achievement in 2017 was the development of our Indigenous Relations Strategy, which sets out goals under five pillars to guide our ongoing work to build and maintain respectful relationships with the Indigenous communities near our operations. These goals reflect, and are a continuation of, many of our long-established practices in Indigenous relations.

Engagement	Goal: Carry on respectful and meaningful engagement with Indigenous Peoples throughout the mine life cycle.
Capacity Building	Goal: Provide opportunities for skills development and employment to a broad spectrum of our host Indigenous communities.
Economic Development	Goal: Support and encourage the development of sustainable Indigenous businesses within our host communities.
Inclusion	Goal: Provide an inclusive and supportive workplace for Indigenous people in our operations and projects.
Environmental Stewardship	Goal: Include Indigenous Peoples and traditional knowledge in environmental management decisions and stewardship activities.

INDIGENOUS ENGAGEMENT

At New Gold, we seek to engage early and respectfully. We believe these principles are the cornerstones of developing mutually beneficial agreements that reflect the unique priorities of each Indigenous community – agreements that will ultimately address the needs, concerns, and aspirations of these communities.

At New Afton, we collaborated with local Indigenous communities to establish an industry-leading Participation Agreement in 2008. This has guided First Nations involvement in our operations including providing input to approaches for environmental stewardship, business opportunities, employment, education and training, and community investments.

The Rainy River Mine is located near 16 First Nations and the local Métis Nation of Ontario community councils. By early 2018, New Gold had signed a total of eight agreements with First Nations and the Métis Nation of Ontario. These will provide a framework for ongoing dialogue on all matters related to the mine and establish mechanisms for communities to benefit from related employment, training and procurement opportunities.

Our experiences at New Afton and Rainy River are being reflected in our approach for engaging with First Nations at our Blackwater project. In 2016 and 2017, we hosted guests from the First Nations communities from around the Blackwater project for a five-day tour of our Rainy River mine, to give a better sense of our activities and approaches to environmental stewardship and relationships with Indigenous Peoples. These guests toured our construction camp, water treatment facility, and several other areas of the site. They were able to witness the potential physical impacts and the opportunities associated with social and economic development. Members of local First Nations and Métis communities shared their experiences working with New Gold. These guests also attended several meetings, including some focusing on business development, employment, training and environmental monitoring. The objective was to provide an opportunity for the guests to form their own understanding and impressions of our activities and approaches, based on first-hand knowledge.

As we begin our first full year of production at the Rainy River mine and complete the environmental impact assessment process for the Blackwater project, New Gold continues to prioritize our relationships with local Indigenous communities and looks forward to a continuation of the positive and collaborative approach to communication taken thus far.

CAPACITY BUILDING

At New Gold, we are committed to developing the skills of Indigenous employees by supporting their career development and advancement through training and education. We also support the educational goals of local Indigenous communities and offer education and training to folks that are not currently part of our workforce. This builds the foundation to achieve our objective of hiring individuals locally whenever possible, as well as supporting the broader educational goals of the communities that host our operations.

While we strive to continuously improve, we also celebrate some of the successes already achieved at our Canadian sites. In 2017, at the New Afton Mine, about 23% of the workforce were Indigenous. At Rainy River, more than 30% of our workforce was Indigenous during the construction period. However, as we transition into production, the percentage has declined to just over 26%. Heading into 2018 we're working with a local Indigenous training institution to provide targeted essential skills training, while addressing other potential barriers to employment in the area to increase the participation of Indigenous People in our workforce.

An example of success is the Apprenticeship Program at New Afton. Each year, New Gold considers training opportunities that will enhance the partnership with local First Nations, including the Skeetchestn First Nation. In 2017, the Skeetchestn and New Gold jointly funded an apprenticeship opportunity for one band member, who is successfully working towards his Red Seal trades designation.

In 2017, we also renewed our partnership with Indspire, a not-for-profit organization which aims to inspire Indigenous achievement and works with Indigenous, private and public sector stakeholders to educate, connect, and invest in Indigenous people.

Following a successful educational program started in 2014, which awarded bursaries to 17 Indigenous students (including 13 women), New Gold will continue to provide educational awards to post-secondary Indigenous students through the Indspire Building Brighter Futures Program. For this next round of the program, there will be a renewed focus on female students and on sciences, technology, and math.

In 2017, we also started the collaborative development of the New Gold Guidelines for Indigenous Employment and Training. These guidelines will help our sites facilitate the identification, assessment, and hiring of Indigenous Peoples. The guidelines will describe ways to advance Indigenous employees through continuous development of skills and career development support.

Looking forward, we'll be focused on finalizing the New Gold Guidelines on Indigenous Employment and Training and will implement supporting training at sites. We plan to review our Donations and Sponsorships Strategy to support capacity building and education of local Indigenous communities, and will continue to manage the Indspire New Gold Bursary Program to maximize First Nations and Métis community members' benefit from bursaries and other Indspire programs.

LOCAL ECONOMIC DEVELOPMENT

To get the best results out of our efforts in this area, New Gold has hired specialist professionals to assist us in identifying business development opportunities for Indigenous communities at New Afton and Rainy River mines as well as the Blackwater Project. Our efforts are focused in understanding how we can best develop opportunities for local procurement and work with Indigenous business owners and Band Business Development Officers to make their ventures more sustainable over time. At the forefront of these efforts will be a requisite focus on maintaining two-way communication between businesses and our sites in relation to business requirements, contract opportunities, and capacity building programs. We plan to continue to work with contractors to support the diversification of services offered, as well as the clients to whom these services are offered (beyond New Gold), in order to build economic resiliency and avoid creating a dependency on New Gold for business opportunities. See the Contributing to Sustainable Community and Regional Development tab for more information on our approach to – and performance in – this area.

INCLUSION

We are sensitive to the reality that Indigenous Peoples have historically faced significant barriers in accessing employment opportunities and training across all sectors. While we still have more to do, in order to continuously improve, New Gold has made significant efforts to eliminate these barriers by hosting career fairs in local Indigenous communities, supporting local employment agencies, providing the option for applying for jobs on-line and at-work training programs.

To ensure a respectful and inclusive workplace, New Gold is committed to ensuring cultural awareness skills are developed within Indigenous and non-Indigenous employees and contractors. All our Canadian sites carry out cultural awareness training and we work to ensure that dedicated, confidential, and culturally-appropriate support exists for Indigenous employees at our operations and projects. For example, to ensure that our expectations in this regard are understood at the earliest possible time, cultural awareness training was carried out as part of the onboarding process for all employees and contractors at our Rainy River Mine. This training was developed in partnership with, and is delivered by, local First Nations from around this mine.

Looking forward, we plan to develop and implement a New Gold Cultural Awareness and Competency Development Program across the company, including for our corporate senior management and Board of Directors.

ENVIRONMENTAL STEWARDSHIP

New Gold supports and encourages local Indigenous communities to participate in environmental audits, committees, and reclamation projects. The Indigenous communities around our sites provide their valuable traditional knowledge to create a more informed and holistic approach to planning our activities and managing the environment impacts at our sites. For example, at New Afton, the Environment Team participated in a training workshop hosted by Tk'emlups, called "Exploring Wellness through our Sacred Connection to Water". This offered an opportunity for Elders and Traditional Knowledge Keepers to share their teachings in relation to their sacred connections and responsibilities to the water.

At Rainy River and New Afton, Environmental Monitoring Boards (EMB) are in place, allowing local Indigenous communities to provide input into key aspects of environmental management. This collaborative approach plays a crucial role in appropriate and successful project development. Looking forward, we will be focused on increasing internal sharing of best practices and lessons learned across our sites, particularly in regards to the development and implementation of EMBs.

ENVIRONMENTAL STEWARDSHIP

New Gold strives to efficiently use resources and minimize impacts to the environment in all our activities. Our stewardship ethic guides our approach across the full life-cycle of our activities, from exploration through to closure. Across the company, New Gold uses robust monitoring programs to maintain a high level of knowledge on environmental impacts associated with our activities. Using this knowledge, we are well-equipped to determine management approaches that minimize our environmental impacts.

Using a proactive risk management approach, New Gold has developed and implemented Environmental Management Standards that are based on internationally-recognized best practices. These standards provide the framework for site-level management systems, which are tailored to ensure that each site:

- Adopts systems that ensure compliance with permits and other commitments;
- Adopts a consistent approach to identifying and controlling environmental risks;
- Identifies and appropriately manages their specific environmental aspects; and
- Tracks progress through audits and assessments.

Each site has compiled a site-specific Significant Environmental Risks register. This register allows internal company oversight of risk management activities, to test the adequacy and effectiveness of site level controls and response planning. Additionally, all sites are required to have an external audit, peer audit or self-assessment annually. In 2017, these risks were reviewed and/or audited at all sites.

Our approaches to environmental management are discussed in detail in the following sections.

SCORECARD 4: ENVIRONMENTAL PERFORMANCE

PRIORITIES	2017 TARGET		2017 PERFORMANCE	2018 TARGET
WATER	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 all 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
WASTE MANAGEMENT	Conduct Independent Tailings Review Board meetings at all Canadian sites.		ACHIEVED	Adopt changes to the revised *Towards Sustainable Mining* Tailings Management Protocol.
ENERGY AND GHG EMISSIONS	Achieve *Towards Sustainable Mining* Energy and GHG Emissions Protocol A-level at all current operations.		NOT ACHIEVED Level A not achieved at all sites.	Achieve *Towards Sustainable Mining* Energy and GHG Emissions Protocol AAA-level at New Afton. SDG 13
BIODIVERSITY	Achieve *Towards Sustainable Mining* Biodiversity Protocol A-level at all current operations.		ACHIEVED	Maintain *Towards Sustainable Mining* Biodiversity Protocol A-level at all current operations. SDG 15
COMPLIANCE	n/a		n/a	Reduce regulatory reportable incidents by 10% (target 24 for full year).

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

SDG = SUSTAINABLE DEVELOPMENT GOAL

Award-Winning Environmental Stewardship at New Afton

New Afton's Environment department was recognized for its work by the Kamloops Chamber of Commerce in 2017, receiving the Environmental Stewardship Award at the 31st Annual Business Excellence Awards. This was New Afton's first win of the Environmental Stewardship Award and is a testament to the site's efforts to continuously improve environmental performance. Represented by a three-person committee who visited site for a tour and employee interviews, the judging panel reported it was impressed with the site's proactive approach toward environmental stewardship.

The Environment team credits a portion of its success to an increased focus across all departments on identifying, reporting and mitigating environmental hazards. For example, seventy-four environmental hazards were reported in 2017, in comparison to thirty-four in 2016. The higher number of reported environmental hazards in 2017 is attributed to improved reporting rates, rather than an increase in actual hazards. Additionally, eighteen site-wide Environmental Bulletins were issued in 2017, highlighting a specific environmental topic for site teams to discuss.

The Environment department also implemented an acknowledgement initiative in Q4, called Super E. This new initiative celebrates actions of individuals or departments that go over and above to ensure continual improvement of environmental performance. Congratulations, New Afton!

Restoration of Mine Waste Dumps at Cerro San Pedro

As part of the Integrated Closure Plan at Cerro San Pedro, work is underway on the Environmental Restoration Program which provides strategies for restoration of lands and vegetation cover to the operation areas, like waste dumps, heap leach, and auxiliary infrastructure during the course of the mine's operation.

Under the Environmental Restoration Program, there is a subprogram for reforestation activities to be implemented in areas where a land use change was made, such as Cerro San Pedro waste dump areas. Reforestation will improve the current state of ecosystem components such as fauna, soil and subsoil, balance of biogeochemical cycles, water and air, among others. In consideration of flora and fauna listed as protected in Mexico, twelve listed species have been selected for inclusion in revegetation activities.

In compliance with the environmental license, over 39 hectares of the waste dumps area have been restored by end of 2017.

Collaborating to Safeguard Endangered Desert Tortoises at Mesquite

As part of a long-term effort to preserve endangered desert tortoises, the Mesquite Mine collaborated with state and federal regulatory agencies in 2016-17 to relocate tortoises from the mine site to more suitable habitat. To support the project, Mesquite contracted a team of 25 biologists to survey 1,808 acres of the mine site identified as potential tortoise habitat by the U.S. Bureau of Land Management and California Department of Fish and Wildlife. Three adult and two sub adult tortoises found were moved to temporary pens on the mine site while health assessments were conducted and the Bureau and Department completed a comprehensive translocation plan. Based on this plan, biologists moved the five tortoises to the Milpitas Wash area, an important habitat linkage for the species, where the agencies identified a population of about 12 tortoises. This collaborative effort, which includes five years of monitoring the tortoises, will enhance understanding of translocation as a management technique for the species.

Mesquite also implemented programs to treat areas of invasive species on federal land. Another important biodiversity program includes biological clearance surveys, before work commences in any new area, to search for nesting areas and sensitive species. In March 2015, we had the opportunity to put into practice one of the requirements of the Migratory Bird Treaty Act, which offers federal-level protection of listed birds and their eggs from any harm or harassment. After two red-tailed hawks were noticed occupying a nest within an active mining area, we quickly took action by withdrawing mining equipment from the area to create a buffer zone around the nesting area to ensure the birds were not disturbed by our mining activity. We immediately engaged a specialist biologist to make periodic visits to the site and track the birds' activities. For two months, a buffer zone around the nest was created. Normal mining operations in that area were only allowed to resume when our biologist confirmed that the hawk had fledged and the nest was deserted.

ENVIRONMENTAL INCIDENTS AND REGULATORY COMPLIANCE

New Gold operations are always focused on complying with environmental laws and regulations, and we work with appropriate government agencies, partners and key communities of interest to ensure that our activities meet or exceed their expectations and/or requirements.

An important part of our Environmental Management Standards is the Obligations and Commitments Register. Each site compiles a detailed register with all relevant laws and permits noted, as well as accountable personnel identified. To ensure compliance is maintained on an ongoing basis, these registers are routinely reviewed to ensure that any changes to local requirements are reflected in the register and the site's management systems.

Despite our best efforts sometimes incidents occur. We are committed to prompt response and application of appropriate remedial measures to prevent or minimize any impacts. We are also committed to transparent internal and external reporting. As part of the New Gold Environmental Management Standards, Incident Reporting Guidelines have been developed to ensure that appropriate control and response, reporting, and investigation is completed for all incidents. These guidelines also categorize incidents consistently across all jurisdictions by identifying those events that are significant to New Gold, independent of local regulations. Furthermore, New Gold sites must internally report and rank notable environmental events regardless of their regulatory significance.

New Gold ensures that all our sites are prepared and equipped to handle emergencies. A crisis management exercise is regularly performed for each site, including a simulated environmental or safety incident, to test each site's ongoing readiness to address an incident and to test internal and external communication protocols.

2017 ENVIRONMENTAL INCIDENT AND REGULATORY COMPLIANCE SPOTLIGHT

- Across all New Gold operations, there were 42 incidents rated "Moderate"[1] as per the New Gold Environmental Management Standards. Nineteen were cyanide-related and are discussed under the Cyanide Management section of this report. Seven were fuel and/or oil spills (all 200 liters or less), nine were potential non-compliances with local regulations or permit conditions, four were other spills and three were environment-related formal complaints. Investigations and root cause analyses were completed to understand the key factors that led to these incidents. Corrective actions have been implemented for each incident.
- There were no incidents rated higher than "Moderate" as per the New Gold Environmental Standards across the sites.

In 2017, New Gold was subject to charges in relation to two incidents from 2016. New Gold was charged with five breaches of the Environmental Protection Act (Ontario) in connection with effluent discharges at the Rainy River project in July 2016 in excess of permit limits. New Gold plead guilty to discharging un-ionized ammonia above the regulatory limit in the summer of 2016 and failing to report the incident within the timeframe specified by law, although the prosecution acknowledged that there was no attempt to hide the incident. The three remaining charges were withdrawn. New Gold was sentenced to a fine of C$100,000 for the discharge and C$50,000 for the failure to report the 2016 discharge. A mandatory victim surcharge of 25% applies to the fines, for a total amount of C$187,500.

1 Our Environment and Corporate Social Responsibility Reporting Standard includes an Incident Reporting and Ranking Table, in which severity of incidents is ranked *catastrophic*, *major*, *moderate*, *minor* or *low*. This is an internal standard that ensures that the appropriate 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.

WATER MANAGEMENT

Water is a precious resource for the environment, local Indigenous and non-Indigenous communities and our mines. We understand the critical importance of responsible water use and take every possible step to avoid negatively impacting water quality.

With the exception of Rainy River, all of our operating mines are located in arid or semi-arid regions. Our mines use water from a variety of sources, including groundwater as is the case at Mesquite and Cerro San Pedro, and surface water, as is the case at New Afton and Rainy River. New Afton is supplied from Kamloops Lake and Rainy River sources water mostly from intercepted surface and groundwater but also takes some of its allocation from the Pinewood River.

DESCRIPTION OF IMPACTS

Water Use: 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.

Water Quality: With exception of Rainy River, New Gold's operating mines are zero discharge facilities, with no process water being released to the surrounding environment. Rainy River has a comprehensive water balance and water quality model which enables decisions to be made that ensure that contact water will be stored and treated to the allowable quality before discharge.

MANAGEMENT APPROACH

At each site, we make significant efforts to minimize water consumption, including adopting efficient designs and technologies to reuse and recycle water wherever possible. All process water used at our mine sites is contained in a closed circuit. Other than evaporation from leach pads or from tailings storage facilities, water is reused until it becomes tailings. At Peak Mines, we have used "thickened tailings" – a method 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, water is recycled through the tailings facility and reused in processing. Tailings are stored at tailings storage facilities and further information on tailings management is discussed in the waste management section.

Our approach to water stewardship is codified in our Water Stewardship Standard, which New Gold developed based on the Alliance for Water Stewardship (AWS) Standard. The AWS Standard is a global standard that outlines expectations for companies seeking to adopt responsible water practices. In alignment with the AWS Standard, the New Gold Water Stewardship Standard requires a detailed water balance to be created and maintained by each of our sites. A water balance is a

model that describes how and where water comes onto each site (such as rainwater, groundwater seeping into pits, and piped water from surface and groundwater sources), how the water is used or managed on the site, and where it goes if/when it leaves the site. By working to understand these aspects of water at each site, we can better identify what our water management and efficiency efforts should be focused on. All sites completed their own action plan based on a gap analysis against our Water Stewardship Standard in 2015 and are working towards A-Level for all indicators. The A-Level of the standard provides us with assurance that we have the right management systems and tools at our sites to manage this precious resource. This includes outreach with neighboring water users to resolve shared challenges.

All sites source and use water in compliance with the appropriate regulatory requirements. 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. This helps safeguard neighboring water users from potentially negative impacts.

2017 WATER MANAGEMENT SPOTLIGHT

- We recycled almost 58 million m^3 of water in our operations in 2017, compared to 53 million m^3 in 2016 and 51.1 million m^3 in 2015.
- Less than 12% of the total water used in our operations was new water withdrawn from the environment in 2017.
- We withdrew 6.6 million m^3 of new water from surface, groundwater and water utilities. In terms of how efficiently we used this water, it is best determined using a ratio of water withdrawn/ore processed. In 2017, 0.24 m^3 of water was withdrawn per tonne of ore processed – about the same as in 2016 (0.23 m^3 per tonne of ore processed).
- In 2017, New Gold continued to report water management data publicly to the Carbon Disclosure Project – Water Disclosure Module.

RAW WATER CONSUMPTION – ACROSS OPERATIONS[1] (MILLION M^3)

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^3 of surface water (37%), 3.6 million m^3 of groundwater (54%) and 0.5 million m^3 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[1]/ORE PROCESSED RATIO[2]

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 GREENHOUSE GAS (GHG) EMISSIONS MANAGEMENT

Energy efficiency is a priority for New Gold: it's not only about being responsive to climate change and imperative to global sustainability, but it's also an important factor in the financial sustainability of our company. Energy is one of the biggest expenses at our operations and climate change has the potential to negatively impact our operations in various ways, such as extreme weather events and impacting water availability.

DESCRIPTION OF IMPACTS

Our activities are energy intensive: it takes a lot of energy to break, grind and transport vast amounts of rock. Our energy use results in greenhouse gas (GHG) emissions from mobile equipment required to operate a mine, heating of underground works, the off-site generated electricity that we purchase to operate processing plants, underground ventilation systems and to power office buildings, as well as the use of explosives for blasting.

Across New Gold operations, diesel and electricity were the most significant sources of our energy consumption in 2017. Diesel is primarily used as fuel for mobile fleet operations, and electricity is used mainly for mill operations. Propane, gasoline and natural gas represent a relatively small portion of the energy consumed by our operations.

OPERATIONS[1] ENERGY CONSUMPTION (GJ)

1. Excludes Rainy River.

MANAGEMENT APPROACH

We have developed an Energy and GHG Management System based on the *Towards Sustainable Mining* (TSM) Energy and GHG Emissions Management Protocol. In 2017, we continued work on implementing this management system across all our operations. As part of this initiative, 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 ISO 50001 certification in 2014. New Afton was the first mine in Canada to achieve certification against this international standard and it is the only mine in North America to maintain certification through 2017. We have extended the learning experiences to our other operations and in 2017, Mesquite continued working towards the implementation of the ISO 50001 standard.

PUTTING POLICY INTO PRACTICE AT NEW AFTON

At New Afton, we use natural gas to heat the underground workings during winter months. Natural gas usage will continue to increase at New Afton as the active underground works expand and we've implemented an on-demand heating and ventilation system, which ensures that only those areas that are being occupied by workers are ventilated and heated.

New Gold initiated work on an Energy Management Strategy in late 2015. Implementation of the New Gold Energy Strategy is driving energy management and efficiency across our operations and embedding energy savings into our culture.

In addition to this Corporate Responsibility Report, New Gold reports energy and greenhouse data publicly to the Mining Association of Canada and to the Carbon Disclosure Project. All operations continue to work on the development of short- and long-term efficiency targets to improve energy savings over time.

2017 ENERGY AND GHG EMISSIONS MANAGEMENT PERFORMANCE HIGHLIGHTS

- New Gold operations consumed 9% less direct energy (diesel, gasoline, propane, natural gas and electricity) in 2017 as compared to 2016. Total direct energy consumed at the New Afton, Mesquite, Peak and Cerro San Pedro mines in 2017 was 2,752,103 gigajoules (GJ), compared to 3,015,568 GJ in 2016.
- New Gold's greenhouse gas intensity, measured as tonnes of CO_2-e per kilotonne of ore processed, increased slightly, from 6.0 in 2016 to 7.1 in 2017. This is mainly as a result of a ramping down of activities at Cerro San Pedro. While diesel use was significantly reduced at this site because mining has been completed, electrical power increased as a result of needing to pump process solutions to leach pads that have now reached their maximum heights. Company-wide, electricity use increased about 1% from 2016.
- New Gold mine operations achieved about a 17% reduction in diesel use and 8% reduction in gasoline use, mostly because of complete cessation of mining and hauling at Cerro San Pedro and reductions of diesel use at Peak.

FUEL CONSUMPTION BY MAJOR SOURCES – OPERATIONS ONLY[1]

MAJOR SOURCES	2015	2016	2017
Diesel consumption (000s litres)	50,412,593	41,091,026	33,966,281
Gasoline consumption (000s litres)	551,064	555,120	508,925
Propane (000s litres) (includes LP[3])	710,256	733,034	1,027,516
Natural gas (000s litres)	1,393,527	1,484,878	2,010,641

ELECTRIC POWER CONSUMPTION – OPERATIONS ONLY

INDIRECT ENERGY	2014	2015	2016	2017
Power purchased (MWhs)	329,487	365,429	370,258[2]	365,969

1. Data excludes Rainy River operations in 2017, as this site was transitioning from construction to production at the end of 2017.
2. Estimated 248,786,467 MWhs (68%) hydroelectric power and 17,810,074 MWhs (32%) 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.
3. LPG is an acronym for Liquefied Petroleum Gas.

GREENHOUSE GAS EMISSIONS – ALL SITES

EMISSIONS (000s OF TONNES OF CO_2-e)	2015	2016	2017
Diesel	161.5	186.2	90.5
Gasoline	2.9	5.3	1.2
Propane	1.1	1.6	1.6
Natural gas	2.6	2.8	3.9
Power	111.4	89.8	81.5
Explosives	2.9	1.5	1.7
Total	282.4	287.3	180.4

GREENHOUSE GAS/ORE PROCESSED RATIO

Efficiency: Total Emissions[1] per Ore Processed (000s tonnes), as Tonnes of CO_2-e

1. Operations only, not including Rainy River.

CYANIDE MANAGEMENT

Cyanide is a critical input for New Gold operations and across the gold mining industry; yet given its toxic nature if not managed correctly, cyanide is also a topic of great interest for our local communities of interest.

Since the late 19th century, use of cyanide to extract gold from ore has been the dominant method across the mining industry. This is because gold typically occurs at low concentrations in ores and chemical extraction processes using cyanide is the only economically viable method of extracting the gold from the ore.

In 2017, four of five New Gold operations (Cerro San Pedro, Mesquite, Rainy River and Peak Mines) used cyanide to extract gold and silver from the ore. The responsible use and management of cyanide is critically important at these operations. New Gold is a signatory to the International Cyanide Management Code which aims to uphold best practice in the gold and silver mining industries.

DESCRIPTION OF IMPACTS

While cyanide has inherently toxic properties[1], when done properly, it is safe to transport, handle, store and use in carefully managed situations.

The proper use of cyanide results in negligible impacts: it is handled and used in a way that prevents its release to the surrounding environment. Potential impacts can occur in cases when the environment interacts with the cyanide, such as when birds land in areas of our operations that cyanide is being used, or when cyanide is accidentally released to the environment due to emergency circumstances such as a vehicle accident during transport. It is therefore imperative that we have emergency contingencies and training of personnel to cover all of the risks that cyanide can cause to the environment and local communities.

MANAGEMENT APPROACH

All three New Gold operations that use cyanide follow procedures in alignment with the International Cyanide Management Code (the Code). The Code is a stringent international best-practices standard developed to complement and add to operations' existing regulatory requirements. To be certified under the Code requires the adoption and maintenance of the highest standards of care for transporting, storing, and using cyanide. In 2013, Cerro San Pedro and Mesquite Mines achieved certification under the Code, and both mines achieved re-certification in 2017.

Despite conforming with all but one requirement of the Cyanide Code Standards of Practice, Peak Mines was temporarily withdrawn from the certification program in 2014. Peak Mines was found non-compliant with the standard that deals with preventing wildlife contact with cyanide at site. While historically the site can prove extremely low incidence of wildlife mortality and a robust procedure to further decrease risk to wildlife, the criteria that the International Cyanide Management Institute has adopted meant that Peak could not be certified. In 2017, Peak Mines continued to be guided by the Code in their management practices, as part of our New Gold Environmental Management Standards, and have robust procedures in place to minimize cyanide-related risks to wildlife.

2017 CYANIDE MANAGEMENT PERFORMANCE SPOTLIGHT

- New Gold sites collectively consumed 17,490 tonnes of sodium cyanide, an increase from last year mostly because of a significant increase in cyanide use at Mesquite to improve the recovery of gold from the leach pad.
- Six spills of materials containing cyanide occurred across New Gold. Two at Cerro San Pedro, one at Rainy River, and three at Mesquite. Details on these spills are provided in the Appendix.
- Fourteen cyanide-related wildlife mortalities 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 individually, and processes were reviewed and improved to reduce risks to wildlife. Further details on these wildlife mortalities are provided in the Appendix.

We seek to continuously improve efficiency in our cyanide use as it is not only a potential source of environmental or health and safety risk, but it is also a major cost driver. We always look for efficiencies in in the amount used, but in the end the amount of cyanide used remains tied to ore.

SODIUM CYANIDE CONSUMPTION (TONNES)

SITES	2015	2016	2017
Mesquite Mine	1,481	2,533	6,223
Peak Mines	1,204	1,027	1,148
Cerro San Pedro Mine	12,574	12,804	10,119
Total Consumption	15,259	16,364	17,490

WILDLIFE MORTALITIES FROM CYANIDE EXPOSURE

WILDLIFE	2015	2016	2017
Birds	6	9	10
Mammals	–	–	2
Reptiles	–	–	–
Amphibians	–	1	–
Total	6	10	12

Most of the cyanide-related wildlife mortalities were birds (8) at the Cerro San Pedro heap leach. The identified cause of these was ponding of cyanide solution on the surface of the heap leach, with which the birds then came into contact. To reduce the risk of further bird fatalities at Cerro San Pedro, several corrective actions were put in place. These included regular inspections of the heap leach pad perimeter, the identification and elimination of ponding on the heap leach surface, the increase of berm height in relevant areas, and the construction of freshwater reservoirs to attract wildlife to a safe place to drink. In addition, workers were re-trained to use sonic cannons to chase birds off the area of most risk to them.

New Gold takes all cyanide-related incidents very seriously. When an incident occurs, we assess what happened and ensure that identified root causes are addressed with corrective actions. We train our staff to look for and report conditions that may result in wildlife deaths. These steps ensure that we learn from incidents and make our processes safe for wildlife.

A comprehensive table with details of all cyanide-related incidents is available in the Appendix.

1. Learn more at https://www.cyanidecode.org/cyanide-facts/environmental-health-effects.

WASTE MANAGEMENT

As with all mining activity, New Gold's operations generate mining waste. Across the mining industry as lower grade deposits become economical, more waste is now generated per unit of product produced. Mining waste includes barren rock (not containing economically viable minerals) in the form of tailings or waste rock (coarser broken rock), and remnant heap leach piles, which must be stored in a safe and stable manner. At New Gold, we are committed to managing our wastes in a manner consistent with industry best practices. We optimize our mine plans and often use waste rock as backfill at our underground operations. With regards to tailings, we store tailings on each mine site in purpose-built tailings storage facilities.

DESCRIPTION OF IMPACTS

Requirements to manage impacts associated with waste rock will depend on what kinds of elements are naturally contained in the rock. As rock is mined and broken up, significantly greater surface area is exposed to air and water, which can speed up the release of naturally occurring elements in the rock. This can lead to impacts on water quality when water flows through the waste rock, depending on the elements in the waste rock and the speed they are released into the environment. New Gold monitors all water that leaves our sites to ensure that mine-impacted water doesn't negatively impact surrounding waterways.

Tailings storage facilities are usually very well managed with little impact on the surrounding environment. However, as the industry has seen in the past few years, there are inherent risks associated with these facilities which can mean that unforeseen circumstances can lead to impacts to human safety and the environment. Because of this, responsible and proactive management of our tailings storage facilities is one of New Gold's biggest imperatives.

MANAGEMENT APPROACH

New Gold is committed to managing mining waste in alignment with international best-practices. Our Tailings, Heap Leach and Waste Rock Facilities Management Policy codifies these best practices in New Gold and commits us to identify, assess and control risks.

TAILINGS MANAGEMENT

New Gold observes and fulfills the Mining Association of Canada's *Towards Sustainable Mining* Tailings Management Protocol. We work hard to earn and keep the trust of employees and surrounding communities that we design, operate, monitor, and eventually close, our tailings storage facilities in a way that prevents adverse environmental impacts and minimizes risks to local communities.

In 2016 New Gold established our own Independent Tailings Review Board (ITRB) to provide independent, expert reviews of all technical aspects of our tailings storage facilities. ITRBs are considered best-practice in tailings management. This additional layer of due diligence was added to our tailings management approach in response to industry recommendations coming out of the investigation into the Imperial Metals Mount Polley Mine tailings dam failure in 2014.

In 2016 and 2017, ITRB meetings were carried out to review all aspects of the design, construction, operations, surveillance (monitoring) and management of our tailings storage facilities at the Rainy River and New Afton Mines, and the Blackwater Project. These ITRB reviews complement our long-established tailings monitoring and management program, which includes regular dam safety audits and internal audits of procedures and protocols as well as the annual *Towards Sustainable Mining* Tailings Management Protocol verification and assessment.

PROCESS WASTE – OPERATIONS[1]

WASTE TYPES	2015	2016	2017
Waste rock (000s tonnes)[2]	46,447	42,819	38,274
Tailings (000s tonnes)	5,648	6,332	6,444

1. Data excludes Rainy River operations, as this site was transitioning from construction to production at the end of 2017.
2. The waste rock reported by Peak and New Afton underground mines refers only to materials brought to the surface.

RECYCLING

Recycling of other wastes is an essential part of good environmental management and is done at all New Gold sites. Typically, recycled materials from our sites include used oils and lubricants, tires, scrap metal, plastics, aluminum, cardboard and batteries. We aim to recycle the maximum amount achievable and available, with each site seeking to improve recycling rates each year through site-based management plans and awareness training.

Recycling of oils, lubricants, and tires declined in 2017, largely because mining at Cerro San Pedro has ended, which means that use of haul trucks and associated materials was significantly reduced.

WASTE RECYCLING – OPERATIONS[1]

RECYCLED MATERIALS	2015	2016	2017
Compost (tonnes)	2.8	1.9	0.9
Paper, plastic and metal recycled (tonnes)	896.9	537.8	576.5
Oil and lubricants recycled (litres)	667,972	533,279	421,557
Tires recycled (tonnes)	513.5	497.4	486.0

1. Data excludes Rainy River operations, as this site was transitioning from construction to production at the end of 2017.

We compost organic materials at the Cerro San Pedro Mine. This figure has declined in alignment with our reduced mining activities at the mine, and in 2017, we composted about one tonne of materials. This material has been used in the topsoil stockpiles or for the greenhouse, where we have a seedling nursery for reclamation.

MINE CLOSURE

The responsible closure of mine sites is critically important to the collective reputation of the mining industry. If we, as miners, cannot point to our strong track record of responsible operation and closure of mines, it will become exceedingly difficult for miners to advance new mines in the future. During mine closure, New Gold's aim is to restore all possible parts of our sites to a level of productivity equivalent to pre-mining capacity or to an alternative land use determined through consultation with local communities of interest.

Mine closure is a material topic for New Gold in 2017, not only because we are currently in the process of closing our Cerro San Pedro Mine but also because planning for closure is a critical part of operating mines responsibility.

DESCRIPTION OF IMPACTS

Closure of an operation leads to significant declines in economic activities at and around the mine. This includes declines in employment, local procurement, community investment and infrastructure development. Environmental aspects of mine sites must continue to be managed throughout the closure process and beyond the completion of closure activities. On both the economic and environmental fronts, we must plan effectively to mitigate impacts and risks to local communities and the local environment.

MANAGEMENT APPROACH

We start planning for a mine's closure when the mine is still in the design stage. Each of our mines has obtained regulatory approval for its closure plan, and this is updated regularly throughout the mine's life. New Gold operations practice progressive rehabilitation of historic mining areas and lands affected by our activities as soon as areas become available. We also understand the importance of doing our best to alleviate broader socio-economic stresses associated with closure.

Based on best practices and to capture knowledge gained from our experiences with Cerro San Pedro's closure program (discussed below), we created the New Gold Integrated Closure Standard in 2015. This standard is being rolled out across the company and will provide guidance to sites regarding closure planning. The standard emphasizes the need for adequate financial and human resources that help ensure local communities' interests are understood and considered during closure planning.

RECLAMATION AND REMEDIATION

At New Gold sites, environmental stewardship includes applying restoration practices to lands that are affected by mining to promote biodiversity. On-site restoration includes a wide range of activities such as seeding, replanting, subsidence work of filling or capping mine shafts, and removal of contaminated material. In 2017, more than 168 hectares of land was undergoing reclamation at New Gold sites, a 33% increase from 2016.

At New Afton, we have been working diligently 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 functional. New Afton has applied this innovative technology to one round of sampling and seeks to do further sampling programs in the future to gauge its success as time goes on. Knowledge gained will be shared internally and with regulators, partners and communities of interest, to improve the success of reclamation efforts at and beyond our sites.

Peak Mines has also put a considerable effort into rehabilitation. At two sites in particular – Gladstone and Silver Peak – we have used small-scale absorption banks to make the most of the local area'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 leaf litter and branches assists in minimizing soil erosion from rainfall run-off 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.

Cerro San Pedro set a goal to reforest a total of 373.4 hectares of land in areas surrounding its operation, and by 2016, this goal had been exceeded with the assistance of volunteers from the local communities. The mine produced over 70% more plants at the on-site nursery than what had been set as an initial goal.

2017 MINE CLOSURE PERFORMANCE SPOTLIGHT

- In 2017, 317 hectares of land were undergoing reclamation[1], more than double of the undergoing reclamation in 2016. At Rainy River alone, 140 hectares were reclaimed in 2017. At New Afton, more than 114 hectares were undergoing progressive reclamation.
- At Cerro San Pedro, 35 hectares were under reclamation as part of the mine's closure plan, which is double the area undergoing reclamation in 2016. We have removed all historic tailings materials from the *Patio Victoria* contaminated site (2.2 hectares), which is located outside of our mining lease, but which we have committed to remediate.
- The Integrated Closure Program at Cerro San Pedro partnered with five local organizations to provide about 429 skills-training hours in eight local communities. The programs offered a total of 384 seats, of which 90% were taken by local women.
- During 2017, the Entrepreneurial Development Program at Cerro San Pedro provided direct assistance to 124 local community members and mine employees working on the development of small local businesses. To date, 17 small businesses have been assisted, of which almost half are owned by women.
- The Todos por Cerro de San Pedro Foundation launched a microfinancing program and provided its first microloan to a local business.

INTEGRATED CLOSURE AT CERRO SAN PEDRO

In 2016, we ceased active mining operations at Cerro San Pedro. At the centre of our closure activities is our aim to ensure we leave a positive legacy for the communities surrounding this site. Our objective is to maximize the creation of alternative opportunities for our employees and local residents as we close the mine.

In 2017, we continued the implementation of a detailed plan guiding workforce reductions and redeployment. To minimize effects on our people during this difficult transition, we have initiatives such as training programs and workshops developed by local and non-local public and private institutions.

For our employees and contractors, our outplacement plan has offered a set of preparation courses to improve job search, interview, and leadership skills, as well as focused exploration of different employment sources. 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.

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 businesses within local communities around Cerro San Pedro. This grassroots program, which is currently funded by New Gold, relies on a facilitator and a group of volunteers from within the communities. More than 150 local people have joined as volunteers or clients to date.

1. This refers to all areas where reclamation activities have been initiated and not yet completed, and includes a wide range of activities such as seeding, replanting, filling or capping mine shafts, and removal of contaminated material.

BIODIVERSITY

As the global population grows and humanity's footprint continues to expand at a rapid rate, loss of biodiversity is a local and global concern. At New Gold, we work to minimize our impact on natural areas where possible and take active measures to protect and support at-risk species. On the lands that are affected by mining, restoration practices are applied to create a habitat conducive to natural biodiversity.

DESCRIPTION OF IMPACTS

Mining activities alter landscapes and the ecosystems within them. Where mines are developed in places with existing pressures on biodiversity, the additional impacts of the mine can also lead to unforeseen cumulative impacts to the local landscape and the species that depend on it.

MANAGEMENT APPROACH

We have taken significant steps to conserve or enhance biodiversity at New Gold sites and have implemented the *Towards Sustainable Mining* Biodiversity Management Protocol, which requires the establishment of Biodiversity Management Plans across our operations. Detailed environmental baseline studies have been carried out to understand the presence and distribution of high priority species, as well as the habitats they depend on, at each site. Using this knowledge, our activities are designed to minimize disturbance to these areas. All proposed exploration and/or site works are assessed to ensure that areas that support migratory birds, at-risk species, and/or have cultural heritage value are considered and addressed. Where we have identified at-risk species at our sites, we've put management plans and/or procedures in place to ensure adequate management of these species.

New Gold also supports 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 it may be under threat.

RAINY RIVER

The Rainy River Mine covers 18,658 hectares in Northwestern Ontario. This area has historically seen logging and agricultural activities, as well as ongoing mineral exploration, with abandoned farmlands returning to scrub and successional forest communities.

Three bird species around the Rainy River Mine 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. This permit defines and describes steps we must take to ensure that listed species see an overall benefit from the operation through habitat conservation and/or the creation of suitable new habitat.

BLACKWATER

The Blackwater project covers approximately 105,300 hectares in central British Columbia. A portion of Blackwater's mine footprint overlaps potential caribou habitat. While no caribou have occupied the area for the past 30 years based on telemetry data, New Gold has worked closely with local First Nations to ensure that any assessment of caribou impacts is aligned with traditional knowledge keepers. Blackwater is currently discussing the assessment of potential caribou impacts and mitigations with regulators and First Nations as part of the Environmental Assessment process.

The Blackwater project is also near a population of White Bark Pine trees listed on Schedule 1 of the *Canadian Species at Risk Act*. Blackwater has established a White Bark Pine Management Plan to minimize impacts to this population, 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 these species has not been confirmed, many are associated with water bodies that are protected by stringent environmental management plans.

NEW AFTON

Located approximately 10 km west of Kamloops, the operation is in the rain shadow of the British Columbia Coastal Mountains. The area is very dry, with around 280 mm of rainfall annually. The mine site is 701 metres above sea level and lies within an area of hilly country mainly used for grazing. Despite a high level of previous disturbance from historical mining activities, we have surveyed and monitored the site for its ability to maintain species richness as shown in baseline studies, through all stages of development and through to eventual closure.

Biodiversity and conservation initiatives at New Afton have included grassland and wetland recovery projects, and habitat enhancement for a variety of bird, bat, and amphibian species. Several are run in conjunction with local First Nations and graduate students at Thompson Rivers University.

New Afton's initiatives are also intended to raise awareness of biodiversity within the industry, the company and society at large. A large wetland restoration project on the site's privately-owned lands north of Trans-Canada Highway 1, which was prone to desiccation and cattle disturbance, was completed in 2013 as a means repair its functionality and sustainability. A second phase of this project included the construction of eight small ponds at four sites (two ponds per site) in conjunction with the Thompson Rivers University (TRU) Master of Science (MSc) in Environmental Science program, studying the Great Basin Spadefoot. In 2014, three of the four sites had spadefoot and western toad recruitment and had successful spadefoot breeding (breeding cycle completed with metamorphs exiting the ponds). The MSc project provides unique insight into spadefoot behaviour, assists the conservation of spadefoot habitat in British Columbia and provides new information to assist with effective management of spadefoot populations and habitat at the mine site during and after the mine life.

Since 2014, New Afton has also financially supported Earth Rangers in their promotion of conservation activities in elementary schools around Kamloops. Earth Rangers is a Canadian kids' conservation organization, dedicated to educating children and families about biodiversity and empowering them to become directly involved in protecting animals and their habitats.

From 2014 to 2016 we ran a pilot study to establish a long-term biodiversity monitoring program involving DNA Barcoding (analysis of a segment of mitochondrial DNA to distinguish animal species), to quantify differences between disturbed, undisturbed and reclaimed areas of the site, to quantify the species diversity and abundance of key ecosystems and to provide guidance to biodiversity management and measure the success of current site remediation efforts. More details on this study can be found at http://magazine.cim.org/en/environment/bugs-in-the-backyard.

In 2016, 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 and 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.

MESQUITE

The Mesquite Mine is located in the desert environment of the Imperial Valley in southern California. The mine is sensitive to the flora and fauna of the region. Local flora includes a native species called Fairy Duster which is considered sensitive and is protected under the California Native Plant Protection Act. Within the active operating areas, it is salvaged and transplanted into reclaimed areas. Local fauna includes the desert tortoise which is a federally listed threatened and endangered species. The entire property is protected by specially designed tortoise fencing. Since 1985, about 15 tortoises have been safely relocated from the mine site. Surveys are conducted prior to new disturbance of additional areas.

CERRO SAN PEDRO

The Cerro San Pedro operation is located within the boundaries of the central plateau and the foothills of the Sierra Madre Oriental. The area is characterized by alluvial valleys and low hills. Vegetation is predominantly thorny bush composed mainly of shrubs, agaves, yucca or palms, and cactus – the typical species seen in arid and semi-arid regions of Mexico. Since this vegetation does not support large fauna, only birds and small mammals such as coyotes, foxes, rabbits, squirrels, kangaroo rats, voles, and reptiles such as rattlesnakes are found. As part of Cerro San Pedro's biodiversity program, native flora and fauna are monitored to verify, among other parameters, the survival of transplanted plants, the relocation of slow moving animal species, plant production and reforestation and the potential effects of changes of land use due to the mine's activities. During the operating period to date, 90% of rescued plants have survived.

Through its closure's efforts, Cerro San Pedro has reforested 393 hectares of land in the nearby community of Monte Caldera. The Reforestation Campaign involved employees joining forces with the communities to fulfill our commitment to protect the environment. During the mine life, Cerro San produced more than 700,000 plants in our nurseries. Of the plants in our inventory, more than 120,000 were cacti, which are protected by Mexican Official Standards.

PEAK MINES

Peak Gold Mines is located in western New South Wales in gently undulating, semi-arid country that was extensively cleared and mined in the late 19th and early 20th century. Peak Mines has assumed responsibility for rehabilitating the historic mine sites on our leases and has completed rehabilitation of some of these sites. The initial Environmental Impact Assessment found no evidence of critical habitat for threatened species on-site. At Peak, we have been committed to continuous improvement and environmental best practice in managing potential habitat. According to the Threatened Species Conservation Act 1995, threats to endangered species come from introduced herbivores and predators. Therefore, Peak has established a Land Management Plan and has taken measures to control goat, rabbit, fox and cat populations are carried out on all sites. We maintained fences to exclude livestock from neighbouring properties, and land clearing is only carried out when absolutely necessary and after an inspection by the environmental department. The Land Management Plan also includes weed control, erosion control, and bushfire prevention.

In early 2011, a Kultarr, classified as an endangered species in New South Wales, was found within the Peak site. After consulting a threatened-species expert and doing a habitat assessment, it was found that the likely Kultarr habitat was located away from any mining activities. In the following two years an awareness campaign recruited local school children in seeking out the Kultarr, a small, endangered marsupial. After staff ran seminars at schools and community events, 17 Kultarr sightings were reported – the first verified sightings in many years. The awareness program was recognized with an Environmental Achievement Award at the Cobar Business Awards.

G4 CONTENT INDEX

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	REPORTING OPTION ● Comprehensive ● Core	LOCATION	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS			
G4-1	●	Corporate Responsibility Report – Becoming the Partner of Choice: Message from the President and CEO	No
ORGANIZATIONAL PROFILE			
G4-3	●	Corporate Responsibility Report – Becoming the Partner of Choice: About New Gold	No
G4-4	●	Annual Information Form – page 10	No
G4-5	●	Toronto, Ontario, Canada	No
G4-6	●	Annual Information Form – page 22	No
G4-7	●	Annual Information Form – page 9	No
G4-8	●	Annual Information Form – page 10	No
G4-9	●	Annual Information Form – throughout the report	No
G4-10	●	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	No

G4-11	●	Corporate Responsibility Report – Becoming the Partner of Choice: Collective Bargaining and Freedom of Association	No
G4-12	●	Corporate Responsibility Report – Becoming the Partner of Choice: Our Supply Chain	No
G4-13	●	No significant changes during the year regarding organizational size, structure, ownership or supply chain.	No
G4-14	●	Corporate Responsibility Report – Becoming the Partner of Choice: Environment Stewardship	No
G4-15	●	Corporate Responsibility Report – Becoming the Partner of Choice: Corporate Social Responsibility	No
G4-16	●	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	●	Annual Information Form – page 9	No
G4-18	●	Corporate Responsibility Report – Becoming the Partner of Choice: About This Report – Materiality– What Topics to Report	No
G4-19	●	Corporate Responsibility Report – Becoming the Partner of Choice: About This Report – Materiality– What Topics to Report	No
G4-20	●	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	No
G4-21	●	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	No
G4-22	●	No restatements have been made.	No
G4-23	●	Material topics were reassessed in 2016 and results are reflected throughout the report and in the Appendix.	No

STAKEHOLDER ENGAGEMENT			
G4-24	●	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Engaging with Our Communities of Interest	No
G4-25	●	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Engaging with Our Communities of Interest. Our stakeholders are all groups or individuals who have an interest in our business and operations, are impacted by our business or operations, or may impact our business or operations.	No
G4-26	●	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Engaging with Our Communities of Interest. No specific engagement process is in place for the New Gold Corporate Responsibility Report.	No
G4-27	●	Corporate Responsibility Report – Becoming the Partner of Choice: About This Report – Materiality– What Topics to Report	No
REPORT PROFILE			
G4-28	●	Corporate Responsibility Report – Becoming the Partner of Choice: About This Report	No
G4-29	●	April 2016	No
G4-30	●	Annual	No
G4-31	●	sustainability@newgold.com	No
G4-32	●	Corporate Responsibility Report – Becoming the Partner of Choice: About This Report	No
G4-33	●	Corporate Responsibility Report – Becoming the Partner of Choice: About This Report	No
GOVERNANCE			

G4-34	●	New Gold Website – Company – Corporate Governance	No
G4-35	●	Corporate Social Responsibility Report – HSE & CSR Governance	No
G4-36	●	Corporate Responsibility Report – Becoming the Partner of Choice: HSE & CSR Governance	No
G4-37	●	New Gold Website – Board Shareholder Communication and Engagement Policy	No
G4-38	●	New Gold Website – Board of Directors, Board of Directors Mandate	No
G4-39	●	Annual Information Form – page 69 and New Gold Website – Board of Directors	No
G4-40	●	New Gold Website – Corporate Governance and Nominating Committee Charter and Workplace Diversity and Inclusion	No
G4-41	●	New Gold Website – Company – Corporate Governance	No
G4-42	●	New Gold Website – HSE & CSR Committee Charter	No
G4-45	●	New Gold Website – HSE & CSR Committee Charter	No
G4-46	●	New Gold Website – HSE & CSR Committee Charter	No
G4-47	●	New Gold Website – HSE & CSR Committee Charter	No
G4-48	●	Disclosure Committee	No
G4-49	●	New Gold Website – Board Shareholder Communication and Engagement Policy and Whistleblower Policy	No

ETHICS AND INTEGRITY

G4-56		Corporate Responsibility Report – Becoming the Partner of Choice: Corporate Social Responsibility – HSE & CSR Governance and New Gold Website – Corporate Governance	No
G4-58		New Gold Website – Whistleblower Policy	No

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	LOCATION	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	EXTERNAL ASSURANCE
CATEGORY: ECONOMIC					
MATERIAL ASPECT: ECONOMIC PERFORMANCE					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Contributing to Sustainable Community and Regional Development	n/a	n/a	n/a	No
G4-EC1 Direct economic value generated and distributed	Corporate Responsibility Report – Becoming the Partner of Choice: Contributing to Sustainable Community and Regional Development – Economic Values Generated and Distributed, Annual Financial Review	n/a	n/a	n/a	No
G4-EC2* Financial implications and other risks and opportunities for the organization's activities due to climate change	Annual Information Form – Climate Change Risks and The CDP Report	Description of risk opportunities, impacts, financial implications, methods and costs.	The information is currently unavailable.	Detailed assessment of financial implications has not been performed.	No

G4-EC4* Financial assistance received from government	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Contributing to Sustainable Community and Regional Development. Tax refunds only – see the footnotes in the Economic Values Generated and Distributed table.	n/a	n/a	n/a	No
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Contributing to Sustainable Community and Regional Development, Our Supply Chain and Working with Indigenous Communities	n/a	n/a	n/a	No
G4-EC7* Development and impact of infrastructure investments and services supported	Corporate Responsibility Report – Becoming the Partner of Choice: Contributing to Sustainable Community and Regional Development	n/a	n/a	n/a	No
G4-EC8* Significant indirect economic impacts, including the extent of impacts	Corporate Responsibility Report – Becoming the Partner of Choice: Contributing to Sustainable Community and Regional Development, Our Supply Chain and Working with Indigenous Communities	n/a	n/a	n/a	No
MATERIAL ASPECT: PROCUREMENT PRACTICES					

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Contributing to Sustainable Community and Regional Development and Our Supply Chain	n/a	n/a	n/a	No
G4-EC9 Proportion of spending on local suppliers at significant locations of operation	Corporate Responsibility Report – Becoming the Partner of Choice: Contributing to Sustainable Community and Regional Development, Our Supply Chain, and Working with Indigenous Communities	n/a	n/a	n/a	No

CATEGORY: ENVIRONMENTAL

MATERIAL ASPECT: MATERIALS

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Cyanide Management. Cyanide is the only material identified in the materiality list. Perceptions around cyanide and the communication about the safe and responsible use of this material are critical to three of four of our operations.	n/a	n/a	n/a	No
G4-EN1 Materials used by weight or volume	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Cyanide Management	n/a	n/a	n/a	No

ASPECT: ENERGY

G4-EN3 Energy consumption within the organization	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management and Appendix	No data is available on energy sold since New Gold does not produce or sell energy.	The Standard Disclosure or part of the Standard Disclosure is not applicable.	New Gold does not produce or sell energy.	No
G4-EN5* Energy intensity	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management – 2017 Energy and GHG Emissions Management Performance Highlights. Energy intensity relates to energy consumed within the organization.	n/a	n/a	n/a	No
G4-EN6* Reduction of energy consumption	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management. Information is only available for the New Afton Mine.	n/a	n/a	n/a	No
MATERIAL ASPECT: WATER					

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Water Management. As with all environmental aspects, the mechanisms for management, monitoring and continual improvement are New Gold's environmental management systems.	n/a	n/a	n/a	No
G4-EN8 Total water withdrawal by source	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Water Management. No wastewater from other organizations is a factor in calculations. Water extracted or purchased is metered.	n/a	n/a	n/a	No
G4-EN10 Percentage and total volume of water recycled and reused	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Water Management – 2017 Water Management Spotlight	n/a	n/a	n/a	No
MATERIAL ASPECT: BIODIVERSITY					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Biodiversity. As with all environmental aspects, the mechanisms for management, monitoring and continual improvement are New Gold's environmental management systems.	n/a	n/a	n/a	No

G4-EN11* Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Biodiversity and Appendix. Blackwater and Rainy River projects are the only applicable sites.	n/a	n/a	n/a	No
G4-EN13 Habitats protected or restored	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Reclamation and Remediation and Appendix	n/a	n/a	n/a	No
G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Biodiversity and Appendix	n/a	n/a	n/a	No

MM1* Amount of land disturbed or rehabilitated	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Reclamation and Remediation	The approximated figures for on-site restoration activities include only areas under rehabilitation within our mining leases. Amount of land disturbed is currently unavailable.	The information is currently unavailable.	n/a	No
MM2 Sites with Biodiversity Management Plan	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Biodiversity. We have implemented the TSM Biodiversity Management Protocol, which requires the establishment of Biodiversity management plans across our operations. Currently, New Afton has a plan in place and Cerro San Pedro's plan is under development.	n/a	n/a	n/a	No

ASPECT: EMISSIONS

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management. As with all environmental aspects, the mechanisms for management, monitoring and continual improvement are New Gold's environmental management systems. Not a material topic.	n/a	n/a	n/a	No
G4-EN15* Direct greenhouse gas (GHG) emissions (Scope 1)	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management and The CDP Report	n/a	n/a	n/a	No
G4-EN16* Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management and The CDP Report	Only report gross direct (Scope 1) GHG emissions.	The information is currently unavailable.	Current level of reporting is considered sufficient.	No

G4-EN18* Greenhouse gas (GHG) emissions intensity	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Energy and Greenhouse Gas (GHG) Emissions Management	n/a	n/a	n/a	No
MATERIAL ASPECT: EFFLUENTS AND WASTE					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Waste Management. As with all environmental aspects, the mechanisms for management, monitoring and continual improvement are New Gold's environmental management systems.	n/a	n/a	n/a	No
G4-EN22* Total water discharge by quality and destination	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Water Management. All New Gold operations are no-water-discharge sites.	n/a	n/a	n/a	No
G4-EN23* Total weight of waste by type and disposal method	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Waste Management and Appendix	n/a	n/a	n/a	No

G4-EN24 Total number and volume of significant spills	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Environmental Incidents and Regulatory Compliance	n/a	n/a	n/a	No
MM3 Overburden, rock, tailings and sludges	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Waste Management	Overburden, rock and sludges amounts not disclosed.	The information is currently not reported.	The only identified material aspect within process waste has been tailings.	No
MATERIAL ASPECT: COMPLIANCE					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Environmental Incidents and Regulatory Compliance. Management systems are in place to ensure compliance.	n/a	n/a	n/a	No

G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Environmental Incidents and Regulatory Compliance	n/a	n/a	n/a	No

CATEGORY: SOCIAL

SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK

MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Health and Safety. The mechanism for management, monitoring and continual improvement is the New Gold Health and Safety management system.	n/a	n/a	n/a	No
G4-LA1* Total number and rates of new employee hires and employee turnover by age group, gender and region	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	Total number and rate of new employee hires by age group.	n/a	The level of disclosure is considered adequate. Not a material topic.	No

G4-LA5 Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	Corporate Responsibility Report – Becoming the Partner of Choice: Health and Safety – Joint Occupational Health and Safety Committees. JOHS committees include supervisory and managerial level, and represent 100% of workforce.	n/a	n/a	n/a	No
G4-LA6 Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	Corporate Responsibility Report – Becoming the Partner of Choice: Health and Safety, Appendix. Injury and injury rates are recorded using a cross-corporation electronic data management system.	Disaggregated absenteeism data is not available.	The information is currently unavailable.	Included in injury rate calculations.	No
MM4* Number of strikes and lockouts	No strikes or lockouts took place at our sites.	n/a	n/a	n/a	No

ASPECT: TRAINING AND EDUCATION

G4-LA10* Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Corporate Responsibility Report – Becoming the Partner of Choice: Health and Safety – Training and Local Communities – Contributing to Sustainable Community and Regional Development	n/a	n/a	n/a	No
G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	Data on gender and employees category not available.	The information is not currently available.	n/a	No
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-LA12 Composition of Governance Bodies and breakdown of employees per employee category by gender, age group, minority group memberships, and other indicators of diversity	Corporate Responsibility Report – Becoming the Partner of Choice: Appendix	Age group data not available.	The information is currently unavailable.	The level of disclosure is considered adequate.	No

G4-LA13* Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Basic salaries are equal for women and men.	No information is available on remuneration beyond basic salary.	The information is currently unavailable. This assessment has not been performed.	The level of disclosure is considered adequate.	No

SUB-CATEGORY: HUMAN RIGHTS

ASPECT: INDIGENOUS RIGHTS

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Working with Indigenous Communities	n/a	n/a	n/a	No
G4-HR8* Total number of incidents of violations involving rights of Indigenous Peoples and actions taken	Our Canadian sites and projects are located in regions where Indigenous Peoples have asserted Aboriginal rights or hold treaty rights and there have been no incidents of violations involving Indigenous rights reported.	n/a	n/a	n/a	No
G4-HR12* Number of grievances about human rights impacts	No grievances about human rights impacts were recorded.	n/a	n/a	n/a	No

MM5* Operations taking place in or adjacent to Indigenous Peoples' territories and formal agreements	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities – Working with Indigenous Communities. New Afton, Rainy River and Blackwater are in asserted traditional territories of Canadian Aboriginal peoples. All three have signed agreements with Aboriginal groups.	n/a	n/a	n/a	No

SUB-CATEGORY: SOCIETY

MATERIAL ASPECT: LOCAL COMMUNITIES

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities	n/a	n/a	n/a	No
G4-SO1 Percentage of operations with implemented local community engagement, impact assessments and development programs	Corporate Responsibility Report – Becoming the Partner of Choice: Local Communities. All New Gold operations and projects have implemented local community engagement and development programs based on stakeholder mapping and analysis and identified community needs. Our four operations have conducted a social impact assessment. All operations and projects have conducted environmental impact assessments, which are available to the public.	n/a	n/a	n/a	No

MM6 Disputes relating to land use and customary rights	No significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.	n/a	n/a	n/a	No
MM7 Grievance mechanisms used to resolve disputes	No grievances for significant disputes relating to land use, customary rights of local communities and Indigenous Peoples were recorded.	n/a	n/a	n/a	No
ASPECT: ARTISANAL AND SMALL-SCALE MINING					
MM8* Number of artisanal or small-scale mining projects on or adjacent to sites	No artisanal or small-scale mining occurs on or adjacent to New Gold sites.	n/a	n/a	n/a	No
ASPECT: RESETTLEMENT					
MM9* Resettlements	No resettlement occurred associated with New Gold sites in 2016.	n/a	n/a	n/a	No
ASPECT: CLOSURE PLANNING					
MM10 Operations with closure plans	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Mine Closure	n/a	n/a	n/a	No
ASPECT: ANTI-CORRUPTION					

G4-SO4* Communication and training on anti-corruption policies and procedures	Corporate Responsibility Report – Becoming the Partner of Choice: Corporate Social Responsibility – Human Rights and Ethics and Local Communities – Our Supply Chain	n/a	n/a	n/a	No
MATERIAL ASPECT: PUBLIC POLICY					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Corporate Social Responsibility – Public Policy	n/a	n/a	n/a	No
G4-SO6* Total value of political contributions by country and recipient/beneficiary	No political contributions were made by New Gold in 2016.	n/a	n/a	n/a	No
MATERIAL ASPECT: COMPLIANCE					
G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Corporate Social Responsibility – Compliance with Laws and Regulations. New Gold's ability to remain operational depends on our legal compliance wherever we operate. Management systems ensure compliance with laws and regulations at sites and at the corporate level.	n/a	n/a	n/a	No

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Environmental Incidents and Regulatory Compliance	n/a	n/a	n/a	No

SUB-CATEGORY: PRODUCT RESPONSIBILITY

MATERIAL ASPECT: MATERIAL STEWARDSHIP

G4-DMA Generic disclosures on management approach	Corporate Responsibility Report – Becoming the Partner of Choice: Environmental Stewardship – Cyanide Management	n/a	n/a	n/a	No

* = Indicator not associated with 2016 Material Topics.

ABOUT NEW GOLD

STRATEGIC PARTICIPATION IN INDUSTRY ASSOCIATIONS	
ORGANIZATIONS	LEVEL OF PARTICIPATION
Mining Association of Canada	Board of Directors, International Social Responsibility Committee, Aboriginal Affairs Committee, Environment and Science Committee, and TSM Initiative Leaders
Mining Association of British Columbia	Board of Directors, Environmental Committee
Association for Mineral Exploration British Columbia	CSR Committee and Aboriginal Relations 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[1] 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 ON DECEMBER 31, 2016

TOTAL WORKFORCE BY EMPLOYMENT TYPE AND LOCATION						
LOCATIONS	CATEGORIES					
CANADA	CLERICAL[1]	NON-CLERICAL[2]	MANAGERIAL[3]	EXECUTIVE[4]	CONTRACTORS	TOTAL
Corporate Office	9	21	25	10	0	65
Blackwater project	2	6	3	0	1	12
New Afton Mine	10	404	7	1	31	453
Rainy River project	60	259	7	1	70	397
USA						
Western Mesquite Mine	10	290	7	0	52	359
MEXICO						
Cerro San Pedro Mine	79	62	6	1	45	193
AUSTRALIA						
Peak Gold Mines	16	261	7	1	15	300
Total New Gold	186	1,303	62	14	214	1,779
Total male	86	1,176	52	13	n/a	1,327
Total female	100	127	10	1	n/a	238

1. Clerical: includes all employees in administrative support type of role (e.g., receptionist and administrative assistant).
2. Non-clerical: includes all employees below supervisor role excluding clerical (e.g., engineer, heavy equipment operator, geologist).
3. Managerial: includes all employees in supervisor, superintendent and manager roles.
4. Executive: includes general managers at sites and senior management.

TURNOVER RATE[1, 2] BY SITE		
LOCATIONS	ALL EMPLOYEES	
CANADA	VOLUNTARY	INVOLUNTARY
Corporate Office	6%	18%
New Afton Mine	4%	1%
USA		
Western Mesquite Mine	9%	5%
MEXICO		
Cerro San Pedro Mine	2%	98%
AUSTRALIA		
Peak Gold Mines	6%	3%
Total New Gold	6%	21%

1. Operations only. Does not include contractor data.
2. Turnover is the total number of separations during the year, divided by the average number of employees that year, multiplied by 100. Turnover includes anyone who leaves voluntarily (resignations), dismissals, lay-offs, and death in service. Turnover excludes anyone on a defined/fixed term agreement and contractors.

INDIGENOUS EMPLOYMENT ON DECEMBER 31, 2016[1]						
LOCATIONS	INDIGENOUS EMPLOYEES BY SITE					
CANADA	CLERICAL	NON-CLERICAL	MANAGERIAL	EXECUTIVE	CONTRACTORS	TOTAL
Blackwater project	0	0	0	0	0	0
New Afton Mine	1	103	0	0	0	104
Rainy River project	8	109	1	1	0	119
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 contractor data. Self-identification as Indigenous is only available at Canadian sites.

ABSENTEEISM[1]		
LOCATIONS	ALL EMPLOYEES	
CANADA	PLANNED	UNPLANNED
Corporate Office	27%	n/a
New Afton Mine	7%	3%
USA		
Western Mesquite Mine	6%	5%
MEXICO		
Cerro San Pedro Mine	5%	1%
AUSTRALIA		
Peak Gold Mines	8%	4%
Total New Gold	11%	3%

1. Operations only. Does not include contractor data.

PERFORMANCE REVIEWS BY SITE

LOCATION	PERCENTAGE
CANADA	
Corporate	100%
Blackwater project	100%
New Afton Mine	93%
Rainy River project	66%
USA	
Western Mesquite Mine	25%
MEXICO	
Cerro San Pedro Mine	100%
AUSTRALIA	
Peak Gold Mines	100%

WATER

WATER WITHDRAWAL BY SOURCE IN CUBIC METRES					
SOURCE	NEW AFTON	MESQUITE	PEAK MINES	CERRO SAN PEDRO	TOTAL
Surface water	2,555,915	0	0	0	2,555,915
Groundwater	350,035	1,808,355	213,547	1,270,682	3,642,619
Water utilities	0	0	487,758	0	487,758

RAINWATER

	NEW AFTON	MESQUITE	PEAK MINES	CERRO SAN PEDRO	TOTAL
Rainwater collected (in cubic metres)	0	0	179,638	324,030	503,668

RECYCLED WATER

	NEW AFTON	MESQUITE	PEAK MINES	CERRO SAN PEDRO	TOTAL
Recycled water (in cubic metres)	11,989,307	22,120,492	318,681	18,510,922	52,939,402

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[1]	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[1]							
TYPE OF FUEL	NEW AFTON	MESQUITE	PEAK MINES	CERRO SAN PEDRO	BLACKWATER	RAINY RIVER	TOTAL

Diesel (000s litres)	4,754	28,944	2,694	4,699	45	28,770	69,906
Gasoline (000s litres)	123.1	376	6	50	7	1,767	2,329
Propane (000s litres)	17.7	588	112	16	0	344	1,078
Natural gas (000s litres)	1,484,878	0	0	0	0	0	1,484,878

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[1]			
SPECIES	LOCATION	IUCN STATUS[2]	OTHER STATUS
Fairy Duster	Mesquite	n/a	*California Native Plant Protection Act* – Sensitive and Protected species
Desert Tortoise	Mesquite	Vulnerable	*USA Endangered Species Act* – 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	*New South Wales Threatened Species Conservation Act* – Endangered Species
Western Toad	New Afton	Vulnerable	British Columbia – Blue List[3]; *Canada Species at Risk Act* (SARA) – Special Concern
Great Basin Spadefoot Toad	New Afton	Least Concern	British Columbia – Blue List; *Canada Species at Risk Act* (SARA) – Threatened
Northern Caribou	Blackwater	Least Concern	British Columbia – Blue List; *Canada Species at Risk Act* (SARA) – Threatened
Whitebark Pine	Blackwater	Vulnerable	British Columbia – Blue List
Eastern Whip-poor-will	Rainy River	Least Concern	*Species at Risk in Ontario* (SARO) – Threatened *Canada Species at Risk Act* (SARA) – Threatened – Schedule 1
Bobolink	Rainy River	Least Concern	*Species at Risk in Ontario* (SARO) – Threatened *Canada Species at Risk Act* (SARA) – Threatened
Barn Swallow	Rainy River	Least Concern	*Species at Risk in Ontario* (SARO) – Threatened *Canada Species at Risk Act* (SARA) – 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.

RECYCLING

	2014	2015	2016
Compost	6.0	2.8	1.9

Paper, plastic and metal recycled (tonnes)	1,223.1	896.9	537.8
Oil and lubricants recycled (litres)	656,310	667,972	533,279
Tires recycled (tonnes)	564.3	513.5	497.4

MINE CLOSURE

LAND UNDER RESTORATION[1]	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)