

LIVING THE NEW GOLD VALUES

newgold™

2014 CORPORATE
RESPONSIBILITY

SUMMARY REPORT



ABOUT NEW GOLD

New Gold is an intermediate gold mining company with four operating mines: the New Afton Mine (Canada), the Mesquite Mine (USA), the Peak Mines (Australia) and the Cerro San Pedro Mine (Mexico). We also have three significant development projects: Rainy River (Canada), Blackwater (Canada) and 30% interest in El Morro (Chile).

We are a significant participant and economic contributor to local communities everywhere we operate. Our long-term success depends on our ability to earn and maintain the trust of our host communities and governments – trust that comes from respecting local culture, caring for the environment and contributing to long-term economic well-being.

We contribute to sustainable development by acting ethically and with integrity regarding the impacts of our decisions and actions on communities and the environment. We apply this approach through the mine life cycle, from early exploration through development and operation, to decommissioning and mine closure.

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NEW GOLD PROPERTIES



CORPORATE OFFICES

- 67 employees, 1 contractor

NEW AFTON

- West of Kamloops, British Columbia (BC), Canada
- 447 employees, 14 contractors
- Underground copper, gold and silver mine

MESQUITE

- Imperial County, California, USA
- 317 employees, 44 contractors
- Open pit, run-of-mine, heap leach gold mine

CERRO SAN PEDRO

- Cerro de San Pedro, Mexico
- 523 employees, 184 contractors
- Open pit, run-of-mine, heap leach gold and silver mine

PEAK MINES

- Shire of Cobar, New South Wales, Australia
- 383 employees, 13 contractors
- Underground gold and copper mine

RAINY RIVER

- Northwestern Ontario, Canada
- 69 employees
- Future open pit gold and silver mine

BLACKWATER

- Southwest of Vanderhoof, BC, Canada
- 61 employees, 1 contractor
- Potential open pit gold and silver mine

EL MORRO

- 30% New Gold, 70% Goldcorp Inc. (operator)
- East of Vallenar, Northern Chile
- Potential open pit copper and gold mine

2014 OPERATIONAL HIGHLIGHTS

**DELIVERED ON FULL-YEAR GOLD PRODUCTION GUIDANCE
AND BEAT COPPER PRODUCTION AND COST GUIDANCE:**

| | |
|-------------------|----------------------|
| TOTAL REVENUE | \$726 MILLION |
| GOLD PRODUCTION | 380,135 OUNCES |
| COPPER PRODUCTION | 101.5 MILLION POUNDS |
| SILVER PRODUCTION | 1.35 MILLION OUNCES |

Employee and contractor figures at December 31, 2014. Corporate offices include our head offices in Toronto and Vancouver, our exploration office in Denver and our office in Mexico City. All employee figures include defined term employees. For Blackwater, eight employees and one contractor were based in Vancouver, two employees in Vanderhoof and 51 employees at site.

A large barrel cactus with prominent ribs and sharp spines is in the foreground. The background shows a rocky, arid hillside with sparse desert vegetation under a clear sky.

2014 CORPORATE RESPONSIBILITY SUMMARY REPORT

This is a summary of the 2014 New Gold Corporate Responsibility Report, which is prepared in accordance with Global Reporting Initiative G4 Core Level, and is available in full at www.newgold.com. G4 guides us to identify and report on material topics – those issues which are of greatest interest and importance to our business and to our communities of interest. While this summary provides an overview of these topics and our performance in 2014, the full report provides more details, information and stories associated with the identified priorities.

This summary includes the assets illustrated in the map of our properties, with the exception of the El Morro project, which is managed by our partner, Goldcorp Inc. A compilation of data across all sites is presented, except when noted otherwise. All currency is in United States dollars unless otherwise noted.

MESSAGE FROM THE PRESIDENT AND CEO

This year, we chose a theme that reflects our way of doing business – “Living the New Gold Values”. One of those core values is integrity – it is about doing the right thing. Operating mines responsibly is not only the right thing to do, ethically speaking; it is, frankly, the only way to do business successfully.

At New Gold, we are committed to continuous improvement – we know that we can always do better. Our internal standards are based on best practices and international standards, and we regularly set goals and measure performance to ensure we are continuously improving.

In 2014 we met our production targets and completed implementation of our Environmental and Community Engagement and Development Standards. Cerro San Pedro became certified to the International Cyanide Management Code and New Afton became the first mine in North America certified to ISO 50001 – Energy Management.

WE WORK TO KEEP OUR PEOPLE HEALTHY AND SAFE

Employee development is also a New Gold core value. Our people are key to our success and we continue to focus on leadership development and building capacity from within our organization.

We are committed to keeping our people injury free, but 2014 presented a few challenges. Despite exceeding industry-wide health and safety performance standards, we did not meet all of our internal targets based on our 2013 performance. To ensure that this trend is reversed, we have spent time to understand the causes and have undertaken several actions to improve these results.

WE ARE AN ACTIVE PART OF THE COMMUNITIES WHERE WE OPERATE

At New Gold, we focus on being an engine for sustainable economic development and an active contributor to the well-being of our host communities.

Later this year Cerro San Pedro will initiate its first phase of closure. We have engaged our employees and the local communities in planning for closure and have listened to their aspirations and concerns so that these can be considered in an integrated closure plan. We will continue to do so throughout the closure process. These discussions have already led to training programs for our employees as well as capacity and entrepreneurial development projects within the local communities. We expect this effort will support a successful transition to a sustainable post-closure community and resilient economy.



WE WORK TO PROTECT THE ENVIRONMENT

We continue to look for opportunities to reduce our impact on the ecosystems within which we operate. Our management standards are guided by internationally recognized standards including ISO 14001, the International Cyanide Management Code, and the Mining Association of Canada's Towards Sustainable Mining Initiative.

We have achieved all of our environmental targets this year; however, one notable incident occurred at Cerro San Pedro involving a release of process material from the site. There were no permanent impacts to the environment, and the necessary actions were implemented. These included immediate reporting to the regulatory agencies and directly alerting local communities. Important lessons were learned which will reduce the possibility of a similar recurrence and improve our systems, not only at Cerro San Pedro but also at our other operations.

LOOKING AHEAD

2014 was a year of consolidating our corporate culture of safety, respect for our communities and environmental responsibility. 2015 promises to be a pivotal year for New Gold. We are continuing to plan for expansion at New Afton, and Rainy River has started construction early this year.

Everyone, at every operation, development and exploration site and corporate office, has contributed to these efforts, and I extend my gratitude to the people of New Gold. I look forward to continually improving our standards, systems and performance in the years to come.


A handwritten signature in black ink, reading "Robert Gallagher".

Robert Gallagher
President and Chief Executive Officer








2014 PERFORMANCE

 ACHIEVED
  MISSED
 NMT: NOT A MATERIAL TOPIC*

SCORECARD 1: CORPORATE GOVERNANCE


| 2014 TARGETS | 2014 PERFORMANCE | 2015 TARGETS |
|---|--|---|
|  <p>TRANSPARENCY AND METRICS</p> <ul style="list-style-type: none"> • Advance reporting practices towards compliance with GRI G4 Core reporting standards by 2016. |  <ul style="list-style-type: none"> • The 2014 Sustainability Report was published as G4 Core Level on April 30, 2015, one year ahead of target. | <ul style="list-style-type: none"> • NMT: No target for 2015. |
|  <p>POLICIES, STANDARDS AND GUIDELINES</p> <ul style="list-style-type: none"> • Achieve full implementation of the New Gold Environmental Management Standards and the Community Engagement and Development Management Standards. • Achieve full International Cyanide Management Code (ICMC) certification at Cerro San Pedro and Peak Mines. • Maintain World Gold Council Conflict-Free Gold Standard compliance in 2014. |  <ul style="list-style-type: none"> • The New Gold Environmental Management Standards and the Community Engagement and Development Management Standards were fully implemented in 2014.  <ul style="list-style-type: none"> • Cerro San Pedro achieved certification in 2014.  <ul style="list-style-type: none"> • Peak did not attain accreditation; however, the operation continues to comply with majority of ICMC operating guidelines.  <ul style="list-style-type: none"> • We continued to comply with the World Gold Council Conflict-Free Gold Standard. The Assurance Statement is available at www.newgold.com. | <ul style="list-style-type: none"> • NMT: No target defined for 2015. • Maintain full ICMC certification at Mesquite and Cerro San Pedro. • NMT: No target defined for 2015. |

SCORECARD 2: OUR PEOPLE
















| 2014 TARGETS | 2014 PERFORMANCE | 2015 TARGETS |
|---|--|---|
|  <p>HEALTH AND SAFETY</p> <ul style="list-style-type: none"> • Maintain 2013 Lost-Time Injury Frequency Rate level. • Maintain 2013 Total Reportable Injury Frequency Rate level. |  <ul style="list-style-type: none"> • Lost-Time Injury Frequency Rate increased from 0.15 in 2013 to 0.33 in 2014.  <ul style="list-style-type: none"> • Total Reportable Injury Frequency Rate increased by 5% (from 2.43 in 2013 to 2.54 in 2014). | <ul style="list-style-type: none"> • Achieve 0.15 Lost-Time Injury Frequency Rate. • Achieve 2013 Total Reportable Injury Frequency Rate – a 5% reduction compared to 2014. |
|  <p>EMPLOYMENT AND PROFESSIONAL DEVELOPMENT</p> <ul style="list-style-type: none"> • Maintain 2013 Performance and Development plan completion level. |  <ul style="list-style-type: none"> • Performance and Development plans were completed for 97% of employees, consistent with the 98% in 2013. | <ul style="list-style-type: none"> • NMT: No target defined for 2015. |
|  <p>LEADERSHIP AND TEAMWORK</p> <ul style="list-style-type: none"> • Expand the values-based leadership training program to target the training of future leaders and potential successors for management positions. |  <ul style="list-style-type: none"> • New Gold continued to develop and reinforce a values-based culture through tailor-made senior leadership training and supervisory training programs. | <ul style="list-style-type: none"> • NMT: No target defined for 2015. |

* Targets for the 2015 annual cycle are included only for material topics; nonetheless, goals for non-material topics may still be set internally. These are not included in the scorecards.

SCORECARD 3: COMMUNITY ENGAGEMENT AND DEVELOPMENT

| 2014 TARGETS | 2014 PERFORMANCE | 2015 TARGETS |
|---|---|---|
|  <p>ENGAGEMENT</p> <ul style="list-style-type: none"> All operations' engagement plans to achieve substantial compliance with newly created Community Engagement and Development Management Standards. |  <ul style="list-style-type: none"> The engagement plans at all operations achieved substantial compliance with the Community Engagement and Development Management Standards. | <ul style="list-style-type: none"> Develop Community Engagement and Communications plan for Rainy River project. |
|  <p>FEEDBACK AND COMPLAINTS</p> <ul style="list-style-type: none"> All operations' feedback mechanisms to achieve substantial compliance with newly created Community Engagement and Development Management Standards. |  <ul style="list-style-type: none"> The feedback mechanisms at all operations achieved substantial compliance with the Community Engagement and Development Management Standards. | <ul style="list-style-type: none"> Develop feedback mechanism for Rainy River project. |
|  <p>LOCAL ECONOMIC DEVELOPMENT</p> <ul style="list-style-type: none"> Initiate the Cerro San Pedro Responsible Closure Program, including a collaborative process with local communities to identify priorities for community development. |  <ul style="list-style-type: none"> A closure planning engagement process was implemented to identify concerns and expectations relating to the closure phase. Outcomes: <ul style="list-style-type: none"> Priorities were identified. A local grassroots organization was formed to work towards capacity building and economic diversification. Entrepreneurial training for employees and community members was provided. | <ul style="list-style-type: none"> Establish an Entrepreneurial Development Project at Cerro San Pedro, in partnership with Sustainable Futures Canada and the Monterrey Institute of Technology and Higher Education. |

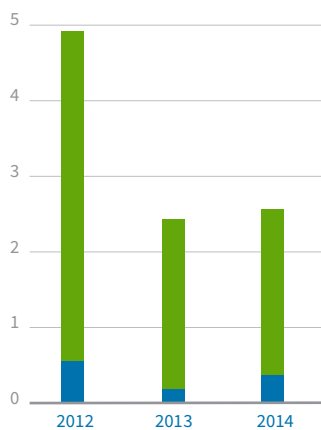
SCORECARD 4: ENVIRONMENTAL PERFORMANCE

| 2014 TARGETS | 2014 PERFORMANCE | 2015 TARGETS |
|--|--|---|
|  <p>ENVIRONMENTAL STANDARDS</p> <ul style="list-style-type: none"> Full implementation of New Gold Environmental Management Standards across all sites. |  <ul style="list-style-type: none"> The New Gold Environmental Management Standards were implemented and peer audits performed at all sites. | <ul style="list-style-type: none"> NMT: No target defined for 2015. |
|  <p>RISK MANAGEMENT</p> <ul style="list-style-type: none"> Establish an environmental committee at all operations, including representation from operational areas, which reviews hazards, risks and significant incidents at least quarterly. At all operations, provide training for 100% of significant environmental risks as defined by site's risk assessment. |  <ul style="list-style-type: none"> Environmental committees set up at all operations.  <ul style="list-style-type: none"> Significant environmental risk assessment performed at all sites. Training for 100% of significant environmental risks was provided at all operations. | <ul style="list-style-type: none"> NMT: No target defined for 2015. |
|  <p>WATER</p> <ul style="list-style-type: none"> Establish a detailed water balance and water management plan at all operations. |  <ul style="list-style-type: none"> Water balance and water management plans were established at all sites. | <ul style="list-style-type: none"> Complete gap analysis against the New Gold Water Stewardship Standard at all sites. |
|  <p>ENERGY</p> <ul style="list-style-type: none"> Continue reporting to Carbon Disclosure Project (CDP). |  <ul style="list-style-type: none"> Reported to the Carbon Disclosure Project since 2013. | <ul style="list-style-type: none"> NMT: No target defined for 2015. |
|  <p>TAILINGS MANAGEMENT</p> <ul style="list-style-type: none"> No specific target set for 2014. | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> Implement an Independent Tailings Review Board for each Canadian site. |
|  <p>INCIDENTS</p> <ul style="list-style-type: none"> Perform root cause analysis on 10% of all incidents and take proactive initiative to reduce/eliminate root causes. |  <ul style="list-style-type: none"> Root cause analyses have been performed for 10% of incidents. | <ul style="list-style-type: none"> NMT: No target defined for 2015. |
|  <p>RECLAMATION AND CLOSURE</p> <ul style="list-style-type: none"> At Cerro San Pedro, reforest 75 hectares of land at Monte Caldera. Initiate the development of a New Gold Integrated Closure Standard. |  <ul style="list-style-type: none"> At Cerro San Pedro, 90 hectares of land were reforested at Monte Caldera.  <ul style="list-style-type: none"> Development of the standard was started in 2014. | <ul style="list-style-type: none"> NMT: No target defined for 2015. |



KEEPING OUR PEOPLE HEALTHY AND SAFE

INJURY FREQUENCY RATES¹



Total Reportable Injury Frequency Rate (TRIFR)²
Lost-Time Injury Frequency Rate (LTIFR)³

1. New Gold acquired control of Rainy River in August 2013. Rainy River statistics are included from August 2013.
2. Total Reportable Injury Frequency Rate (TRIFR) is the number of injuries per 200,000 hours worked. $(\text{Lost-Time Injuries} + \text{Medical Treatment Injuries} + \text{Restricted Duties Injuries}) \times 200,000 \text{ hours} \div \text{total hours worked}$.
3. Lost-Time Injury Frequency Rate (LTIFR) is the number of lost-time injuries per 200,000 hours worked. $(\text{Lost-Time Injuries} \times 200,000 \text{ hours}) \div \text{total hours worked}$.

Our people are the core of our success and we depend on skilled, hard-working and empowered employees to contribute to our business. It is fundamental that everyone should return home injury free after each workday, and we strive to create a culture that motivates individuals to keep themselves and their colleagues healthy and safe.

In 2014, the Mesquite Mine and Blackwater project achieved two years without a lost-time incident while the Rainy River project achieved one year without a lost-time incident. The Cerro San Pedro Mine also achieved outstanding results with two million man hours worked without a lost-time incident. Despite these accomplishments, New Gold faced some challenges in 2014 and as a result did not meet internal targets for injury frequency reduction. There were fewer incidents in 2014; however, we also had fewer working hours relative to 2013, resulting in a somewhat higher injury frequency rate. While our internal targets were not met, our injury frequency rates were 16% lower than comparable industry benchmarks. With a stronger focus on employee safety behaviours, risk assessments and increased interactions and observations by supervisors, we believe that we will see positive results in the near future.

In accordance with our Health and Safety System, assessments were conducted at all operations in 2014 using a combination of internal peer review, third-party audits and/or audits by regulators. The resulting recommendations are being implemented with a particular focus on new structures and processes to enhance the performance of the Joint Occupational Health and Safety Committees across the organization.



New Gold Joint Occupational Health and Safety Committees are a key part of health and safety systems, and help to stimulate or raise awareness of health and safety issues in the workplace.





Employees at the New Afton Mine.

2014
TARGET

2014
PERFORMANCE

2015
TARGET

HEALTH AND SAFETY

| | | |
|---|---|--|
| Maintain 2013 Lost-Time Injury Frequency Rate level. | ✗ Lost-Time Injury Frequency Rate increased from 0.15 in 2013 to 0.33 in 2014. | Achieve 0.15 Lost-Time Injury Frequency Rate. |
| Maintain 2013 Total Reportable Injury Frequency Rate level. | ✗ Total Reportable Injury Frequency Rate increased by 5% (from 2.43 in 2013 to 2.54 in 2014). | Achieve 2013 Total Reportable Injury Frequency Rate – a 5% reduction compared to 2014. |



New Gold Canadian Operations received the 2014 Top Safety Cultures™ award for Mining Operations by an independent panel of experts. New Afton also received the British Columbia Chief Inspector's Award for its exemplary health and safety programs and the John T. Ryan Health and Safety Trophy for lowest injury frequency rate in British Columbia, Yukon and Northwest Territories.



BLACKWATER SUPPORTS
FOREST FIRE MANAGEMENT

Blackwater is located in a heavily forested area, and is prone to forest fires. The 2014 fire season was particularly severe. Blackwater was pleased to be able to support the firefighting efforts by offering access to operational camp services. Providing firefighters, helicopter pilots and engineers with the use of camp facilities gave them much-needed support during their arduous and dangerous efforts. In addition, it allowed us to test our emergency response procedures working alongside the government agencies.

“Coming to a place like this really helps to get some good nourishment and rest to get ready.”
— Anthony Vandeborn, Centennial Unit firefighter

“We were pleased to provide immediate and ongoing camp services to wildfire crews. New Gold supports and thanks the teams for the good work they did to help our local region and the province.”
— Tim Bekhuys, Director of Environment and Sustainability, Blackwater project

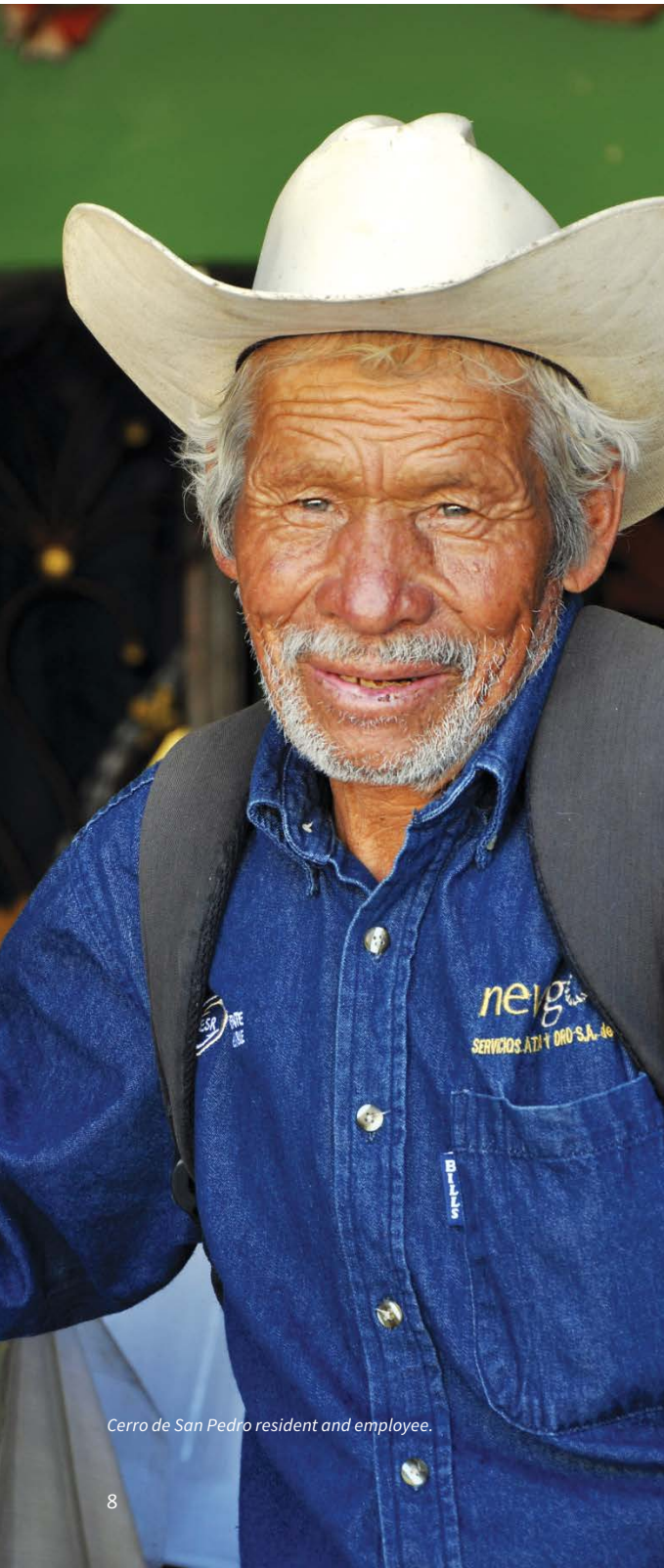
Firefighting helicopter at Blackwater site.





Cerro de San Pedro youth.

BEING A PART OF OUR COMMUNITIES



Cerro de San Pedro resident and employee.

Living our values means that our priorities go beyond building and operating mines. We want to be a part of the communities where we operate. So we make sure that we understand the impacts of our operations on local communities. Then we use that understanding to guide our actions, to become a catalyst for improved quality of life and to contribute to sustainable development.

ENGAGING WITH OUR HOST COMMUNITIES

We foster open, two-way communications with residents and community leaders, from a project's earliest development phase, through the mine's life and through closure. We believe that the social aspects of operations are really based on dialogue with the surrounding communities; it is important to thoroughly understand the people, their needs and concerns, so that we can truly engage and contribute to long-term social, cultural and economic development.

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

In 2014, all New Gold sites hosted regular engagement activities, remaining connected to host communities to understand their priorities and to identify issues as they arise. All of our sites maintained feedback mechanisms, with the exception of Rainy River, where a formal feedback mechanism is currently under development.



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



Elders tour at New Afton.

2014 TARGET

2014 PERFORMANCE

2015 TARGET

ENGAGEMENT

All operations' engagement plans to achieve substantial compliance with newly created Community Engagement and Development Management Standards.



The engagement plans at all operations achieved substantial compliance with the Community Engagement and Development Management Standards.

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

FEEDBACK AND COMPLAINTS

All operations' feedback mechanisms to achieve substantial compliance with newly created Community Engagement and Development Management Standards.



The feedback mechanisms at all operations achieved substantial compliance with the Community Engagement and Development Management Standards.

Develop feedback mechanism for Rainy River.

LOCAL ECONOMIC IMPACTS

Initiate the Cerro San Pedro Responsible Closure Program, including a collaborative process with local communities to identify priorities for community development.



A closure planning engagement process was implemented to identify concerns and expectations relating to the closure phase.

Establish an Entrepreneurial Development Project at Cerro San Pedro.

SOCIAL IMPACT ASSESSMENT OF PEAK MINES ROSTER CHANGE



Peak Mines has been operating with its underground miners on a 4 days on/4 days off schedule. To simplify and enhance operations, management decided to evaluate a 7 days on/7 days off schedule. But what would be the effects on the workforce, their families and their contribution to the businesses and services of the Cobar community? Peak Mines is a major employer in town and the potential for negative direct or indirect impacts needed to be considered.

Rather than push through with a decision based solely on operational needs, Peak initiated a Social Impact Assessment (SIA) using a third-party consultant to provide an in-depth consultation process that included drilling down into all potential ramifications to test both positive and negative assumptions. The outcome would allow for informed decisions to be made to ensure that negative impacts for the workforce and the community are minimized and the positive aspects are maximized.

"A key driver for undertaking the SIA is to better understand how the proposed change might impact the workforce, their families and the broader Cobar community. We invested in finding out the real possible outcomes from the roster change and have put controls in place to monitor and manage the negative aspects."

— Chris Higgins, Peak Mines Environment and Social Responsibility Superintendent

A sampling of employees was consulted, as were businesses and other targeted external parties. The study concluded that there would be some effect on population with some families expected to leave Cobar. This allowed management to put in place mitigations such as providing incentives for residential employees. Regarding effects on local business, there was a likelihood of a negative impact but this would be mitigated by providing funds to entrepreneurship programs and ensuring rigorous local procurement policies. It also suggested that safety would be an issue with the longer work week, and employees opting to leave Cobar during the week off. Again, management could respond with actions to alleviate this risk.


The results of the study were then shared with the wider Cobar community to ensure that residents understood that while some effects could be expected, New Gold would be working to mitigate these impacts.

"The high level of consultation internally and externally shows our integrity to do what is right."

— Greg Bowkett, General Manager, Peak Mines



Main Street in Cobar, Peak's host community.



BEING A PART OF OUR COMMUNITIES



CERRO DE SAN PEDRO HOSTS ITS FIRST LOCAL PRODUCT FAIR

With the support of the Cerro San Pedro Mine, residents of Cerro de San Pedro have formed a grassroots organization – Desarrollo San Pedro – with the aim of promoting entrepreneurship within the local economy. One of its first accomplishments was a Local Product Fair, held in November 2014.

The main goal of the fair was to support local economic growth by commercializing products and services produced by residents of the municipality. The event was seen as an opportunity to open marketing channels between clients, producers and traders. The fair was a great success, with 50 exhibitors from nine communities and attendance by approximately 4,000 people. Among the products and services on offer were live music, tourism services, handicrafts, silver jewelry, hand-woven fabrics, cacti, souvenirs, local produce and traditional foods and pastries including regional sweets and preserves.

“The fair helped the public know what we are doing in Cerro de San Pedro and also activated the economy of the municipality.”
— Alejandra Segura, resident of Portezuelo and fair exhibitor

CONTRIBUTING TO SUSTAINABLE COMMUNITIES

Sustainable mining to us means that communities around our mines should be better off after mine closure because the mine created long-term benefits during its operating lifetime. Our commitment to local socio-economic sustainability is demonstrated in the opportunities we create for local employment and local suppliers; the investments we make in community infrastructure, scholarships and adult education initiatives; through fostering local entrepreneurship programs; and in capacity building and economic diversification projects. We believe these are powerful tools for creating direct and indirect socio-economic benefits for local communities.

In 2014, our sites collectively spent \$176 million in employee wages and benefits. We also invested almost \$5 million in our host communities, a 33% increase from 2013 and the most we have invested in the last three years.



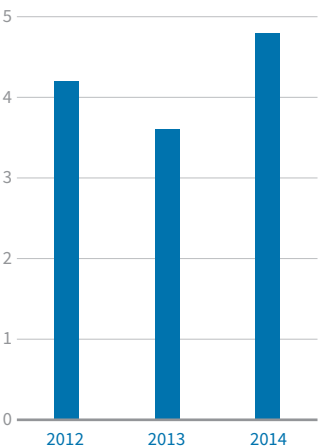
Vendor at first Local Product Fair at Cerro de San Pedro.



BEING A PART OF OUR COMMUNITIES

Desarrollo San Pedro Team, a grassroots entrepreneurial development organization at Cerro de San Pedro.

COMMUNITY INVESTMENTS*



* Community Investments are expenditures for voluntary donations and investment of funds in the broader community where the target beneficiaries are external to the Company. These include contributions to charities and non-profits, community infrastructure development and direct costs of social programs.



New Gold's community investments support environmental conservation, education, health and wellness, economic diversification, and entrepreneurship programs.



SUPPORTING OUR LOCAL ECONOMY: MESQUITE AND LOCAL SMALL BUSINESS DEVELOPMENT

In 2014, the Mesquite Mine partnered with the Imperial Valley Small Business Development Center (IVSBDC) to assist small businesses hit hard by the recession and the recent closure of one of its largest employers. IVSBDC is a non-profit supported by the U.S. Small Business Administration, local cities and corporate contributions. With funding from Mesquite, IVSBDC advisors worked with local businesses to help them expand, increase services, build capacity, diversify product lines and streamline processes.

Roo-Hide Saddlery LLC, a 26-year-old firm producing high-end horse saddles, was one of the businesses participating in the program. With New Gold's support, Roo-Hide was able to expand its manufacturing processes and streamline production to improve efficiency.

"Mesquite's contribution provided tangible help to enhance business and job growth in a region facing economic struggles. The program Mesquite supported allowed us to provide services at no cost to small businesses to help them develop the skills they need to survive and thrive in a challenging economy. The ultimate goal is to contribute to the economic stability and growth of the region."

— Carlos Figari, IVSBDC Director



Imperial Valley Small Business Development Center staff.

OUR COMMITMENT TO TRANSPARENCY: ENGAGING ABORIGINAL PEOPLES IN TAILINGS MANAGEMENT

Tailings management at the New Afton Mine is a major area of interest for our Aboriginal partners and our neighbours. This was underscored in the aftermath of the recent Mount Polley dam breach which put the British Columbia mining industry under increased scrutiny. As a consequence, the provincial government issued a ministerial order requiring that all mines in BC conduct third-party reviews of their annual Dam Safety Inspections (DSI), as well as update their Dam Breach Inundation Studies and Emergency Preparedness and Response Plans. New Gold, having previously adopted a robust tailings management system as part of the Towards Sustainable Mining standards, knew it was critical to ensure that the third-party inspection process was conducted in an open and transparent manner, with involvement of our Aboriginal partners.

Representatives of the Tk'emlúps te Secwépemc and Skeetchestn Indian Bands and the Stk'emlupsemc te Secwepemc Nation (SSN) were invited to participate in the annual Dam Safety Inspection. Band representatives were involved in all stages of the annual review process: developing the terms of reference, selecting the firm hired to perform the inspection, participating in the field studies, reviewing the draft report and commenting during the report finalization. New Afton also voluntarily subjected the Dam Breach Inundation Study to an independent third-party review process to ensure that this critical study was conducted at the level of rigour that satisfied both internal and external parties.

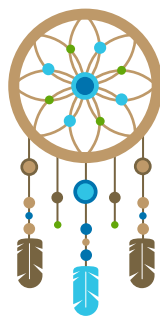
ABORIGINAL PEOPLES ARE OUR PARTNERS

At New Gold we are proud of our strong relationships with our Aboriginal partners. Our approach is to be respectful and inclusive as we work to understand the goals and values of the Aboriginal peoples in the areas where we work. We seek to engage early and meaningfully and to reach early agreements which reflect an understanding of the history of the area and its traditional uses as well as the needs, concerns and aspirations of our Aboriginal partners.

We strive to directly employ, as well as source services and supplies from Aboriginal peoples. In addition, we provide education, training and apprenticeship programs to help Aboriginal workers on their path to a career in mining. On December 31, 2014, the New Afton Mine had 21% Aboriginal employment. The Rainy River and Blackwater projects had 7% and 16% Aboriginal employment, respectively.

Our Canadian sites collectively spent approximately \$23 million (C\$26 million) in Aboriginal contracts in 2014. To identify opportunities in procurement and work with Aboriginal business owners to make their ventures more sustainable over time, we hired business development managers at New Afton and Rainy River.

Our partnerships go beyond hiring and contracting; our Aboriginal partners participate in environmental audits, committees and reclamation projects. They also play a critical role in our efforts to bring traditional knowledge to the way we manage the environmental aspects of our mines, particularly during closure activities.



At New Gold we believe our Aboriginal partners bring significant value to our operations and our partnerships are key to our mutual success.



Sunrise at New Afton.

PROTECTING THE ENVIRONMENT



Water sampling at Cerro San Pedro.

At every New Gold site, we take a proactive risk management approach to safeguard the environment and minimize our impact. We established internal Environmental Standards in 2013 that were fully implemented in 2014; these standards are based on internationally recognized standards and industry best practices and they comply with, or exceed, all relevant laws and regulations.

From early exploration, we establish baseline measurements for flora, fauna, soil, air and water. As mining operations are established, we maintain robust monitoring programs to ensure any potential impacts to the environment are understood and minimized. We have comprehensive recycling programs and strive to reduce energy and water consumption.

2014 TARGET

2014 PERFORMANCE

2015 TARGET

WATER

Establish a detailed water balance plan and water management plan at all operations.

✔ Water balance and water management plans were established at all sites.

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

TAILINGS MANAGEMENT

No specific target set for 2014.

N/A

Implement an Independent Tailings Review Board for each Canadian site.



In 2014 we adopted relevant aspects of the Alliance for Water Stewardship (AWS) Standard at New Afton as a pilot program. The AWS is a global framework that outlines what is expected of responsible water stewardship. We will be sharing learning experiences with our industry peers to help ensure that the mining industry appropriately manages this precious resource.



PROTECTING THE ENVIRONMENT



CERRO SAN PEDRO ACHIEVES CYANIDE MANAGEMENT CODE CERTIFICATION

After an intensive effort, the Cerro San Pedro Mine achieved certification to the International Cyanide Management Code. The mine began the process in 2010 by identifying areas for improvement. A pre-audit in 2011 provided guidelines and resulted in an action plan to achieve compliance.

As part of the recommended process, informational meetings were held with nearby communities to increase their understanding of this highly sensitive topic, explaining proper management procedures, monitoring results, emergency preparedness and response plans, and the benefits and risks of cyanide use. Environmental teams participated to ensure that complex technical issues were satisfactorily addressed and communicated.

The plan was successfully implemented over a period of two years and in October 2013 external auditors completed the certification audit. In 2014, the mine received full compliance certification to the Code, which means the Company's operations at Cerro San Pedro comply with all of the established principles relating to production, transportation, handling and storage, operations, environmental protection, decommissioning, worker safety, emergency response, training and dialogue.

"At Cerro San Pedro, we have worked steadily to design and implement an appropriate, voluntary cyanide management plan as guided by the International Cyanide Management Institute, so today we are proud to have achieved full certification."

— Guillermo Velasco, Environmental Coordinator,
Cerro San Pedro Mine

MANAGING CYANIDE RESPONSIBLY

New Gold is a signatory of the International Cyanide Management Institute (ICMI), the global benchmark for safely transporting, storing and using cyanide. In 2014, the Cerro San Pedro Mine followed the Mesquite Mine in achieving certification under the International Cyanide Management Code (ICMC).

The Peak Mines, however, have not yet attained this accreditation. Peak has made significant improvements in the way that cyanide is managed; yet despite conforming to the vast majority of the ICMC Standards of Practice, Peak was found non-compliant with the standard that deals with wildlife–tailings interaction. 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 ICMI has adopted meant that Peak could not be certified by the time of publication of this report and, as a consequence, Peak temporarily withdrew from the certification program.



ICMC-compliant cyanide facility
at Cerro San Pedro.



View over the Rainy River project area.

COLLABORATIVE RESEARCH AT RAINY RIVER

The Rainy River project began working closely with the Ontario Ministry of Natural Resources and Forestry (OMNRF) in 2010 when two bird species were identified as being at-risk: the whip-poor-will and the bobolink. Ontario's *Endangered Species Act* requires an overall *net benefit* to species-at-risk – either by providing compensatory habitat or by supporting scientific research on the species. The bobolink adaptability was well known; much less was known about the adaptability of the whip-poor-will.

In 2011, New Gold developed a Collaborative Research Agreement between Rainy River, OMNRF and Trent University. The two-year study of whip-poor-will biology was designed to support both scientific advancement and mine development.

“As a result of financial support provided by New Gold, a Trent University graduate student was able to study how mine exploration affected the physiology and behaviour of an endangered bird species. The student gained valuable research experience and our scientific knowledge of the species has been dramatically improved. Future studies can now be designed to enhance species conservation efforts.”

— Gary Burness, Trent University

The collaboration between Trent University, OMNRF and New Gold has resulted in a new standard for responsible resource development in Ontario. Furthermore, the study developed a better understanding of the range, habitat and wintering territory of the whip-poor-will.



DEMONSTRATING HOW INDUSTRY AND CONSERVATION CAN WORK TOGETHER: NAPIER LAKE RANCH CONSERVATION AREA

New Gold and its New Afton Mine have supported the Nature Conservancy of Canada (NCC) in British Columbia since 2011. The most recent contribution allowed NCC to complete the purchase of Napier Lake Ranch.

“New Gold has been a leader in demonstrating how industry and conservation can work together; by providing both targeted and unrestricted funding, New Gold has enabled NCC to effectively pursue and manage unique opportunities. Thanks to this partnership, thousands of acres of native grasslands in the Nicola Valley have been conserved for nature, for now and forever.”

— Barbara Pryce, Southern Interior Program Director, NCC

The Napier Lake Ranch Conservation Area encompasses a mosaic of iconic native grassland habitats and is strategically located along a migratory route important to many bird species. Sitting in the heart of the Nicola Valley, the conservation area spans an important ecological transition zone from mid-elevation grasslands to Douglas-fir forests. Furthermore, as the lands border other conservation properties to the north and south across the Douglas Plateau, a variety of habitats are now linked providing movement corridors for animals shifting between summer and winter ranges.

“The key to making these grassland conservation projects succeed is to combine habitat protection with sensitive, sustainable land use,” says Barbara Pryce. “We must tread lightly on the grasslands. NCC will welcome walk-in access to this future conservation area. Grasslands are part of our natural heritage and everyone should know what it feels like to stand out under the big sky while the grasses blow around you and the hawks circle above.”



PROTECTING THE ENVIRONMENT

PROTECTING OUR WATER RESOURCES

New Gold mines apply efficient designs and technologies to maximize recycling of water during processing. All process water used in our mine sites is contained in a closed circuit, with no water discharges to the environment. Our monitoring programs are designed to protect surface water and groundwater and we are constantly vigilant to ensure natural water quality is not impacted in the vicinity of our operations.

Most of the water used in our sites is associated with the processing of ore. We also require water for dust control on mine haul roads and use dust suppressants to minimize evaporative loss. We strive to minimize water consumption. Peak uses “thickened tailings”, using much less water than traditional tailings, and millions of cubic metres of process water is reused or recycled at all of our operations. In 2014 the raw water process ratio across New Gold operations (0.20 m³ per tonne of ore processed) has remained fairly similar to 2013 (0.19 m³ per tonne of ore processed).

WORKING TO REDUCE ENERGY CONSUMPTION AND GHG EMISSIONS

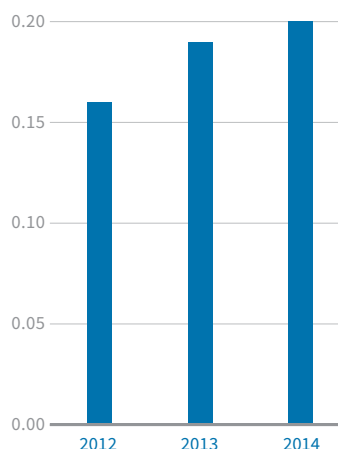
Our activities result in greenhouse gas (GHG) emissions, from the mobile equipment required to operate a mine to the off-site generated electricity that we purchase to supply our operations. Improving our energy efficiency and reducing GHG emissions not only reduces climate-related risks to the broader environment, it brings inherent cost advantages. An innovative energy savings program was implemented at New Afton in 2014, and results will be closely evaluated with the goal to extend the learning experiences to other operations.

In 2014, we reduced the use of gasoline and propane. However, we used more natural gas, diesel and electric power than in previous years. Because diesel is the most significant portion of direct energy consumption, the increased consumption of diesel has increased the GHG emissions per tonne of ore processed.

Electricity use also increased, due mostly to the expansion of leach pads at Cerro San Pedro, where electricity is used to pump solution to ore placed in leach pads; increased mill throughput at New Afton; and, to a lesser degree, the addition of Rainy River electricity consumption to the 2014 New Gold calculations. The Peak Mines increased electricity consumption by about 6% as a result of increasing depths of underground mining and the requirement to cool the air underground. The Mesquite Mine reduced electricity use by about 4% compared to 2013.

We continue working on implementation of the Towards Sustainable Mining (TSM) Energy and GHG Management Protocol across our operations. As we implement TSM, we expect to define long- and short-term efficiency targets, to improve energy efficiency over time.

RAW WATER*/ORE PROCESSED RATIO
(000s m³ water/tonne of ore processed)



* Includes all water extracted from surface water, groundwater, and water utilities, for all purposes including controlling dust. Does not include rainwater or purchased potable water. Ore processed includes ore sent to leach pads at Cerro San Pedro and Mesquite and ore processed at the New Afton and Peak mills.



In 2014 New Gold sites withdrew about 5.9 million cubic metres of raw water from surface water, groundwater and water utilities – a 6% reduction from 2013.



PROTECTING THE ENVIRONMENT

Eagle flies over the Mesquite Mine.

RECLAIMING THE LAND, SUPPORTING BIODIVERSITY

New Gold operations practise progressive rehabilitation of lands affected by mining activity as soon as areas become available after operations cease. Progressive rehabilitation and reclamation within our sites include a wide range of activities such as seeding, replanting, and removal of contaminated material. We also rehabilitate mining areas within our leases. Each of our mines has obtained regulatory approval for its closure rehabilitation plans which are reviewed and updated regularly.

At our sites, we take active measures to protect and support at-risk species and implement reclamation and conservation efforts, often through trusted partners such as local universities and environmental non-governmental organizations. We have implemented the TSM Biodiversity Management Protocol which requires the establishment of Biodiversity Management Plans across our sites.

For New Gold, environmental stewardship also means conserving or enhancing biodiversity on lands undisturbed by mining operations. As an example, we have, since 2010, contributed to the protection of almost 600 hectares of habitat outside of our New Afton mining lease through a partnership with the Nature Conservancy of Canada.



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



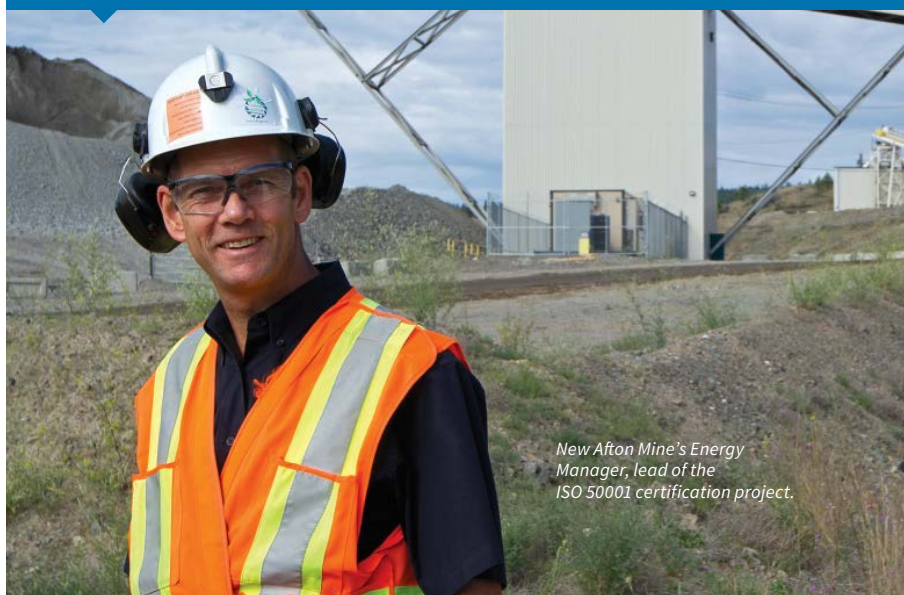
NEW AFTON: LEADING-EDGE APPLICATION OF ENERGY MANAGEMENT STANDARD

Mines use a lot of energy, but most mine operations assume this is just the price of doing business. The New Afton Mine took a different tack when senior management committed to being one of the first mines in North America to certify under the new ISO 50001 Energy Management Standard.

The project was initiated in January 2012, with the certification audit scheduled for December 2013. The task was big, the effort was voluntary and the deadline self-imposed. Moreover, the mine had no existing energy management system or detailed energy monitoring capacity and there was little experience within industry as no peer companies had achieved this standard. Nonetheless, as a result of the team's commitment, actual ISO 50001 certification was received in March 2014, demonstrating the Company's commitment to sustainable energy management.

The project began with investments in energy metering equipment and monitoring software. The next phase was the methodical evaluation of significant energy uses as well as the integration of energy performance into management practices. This required detailed planning and management support, as well as communication, training and raising awareness amongst employees.

Now that the system is up and running, one of the biggest benefits has been more accurate information for allocating costs and identifying prime areas for energy performance improvements. An intangible benefit is increased employee awareness, which is important since it is people, not systems, who manage energy. 2014 energy savings as a percentage of total energy consumed in 2013 was almost 11%.



*New Afton Mine's Energy
Manager, lead of the
ISO 50001 certification project.*



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