



RAINY RIVER PROJECT
ENVIRONMENTAL ASSESSMENT COMPLIANCE REPORT FOR 2015

**PER FEDERAL ENVIRONMENTAL ASSESSMENT
DECISION STATEMENT CONDITION 2.3**

VERSION 1
Revision 2

Date	Revision #	Revision(s)	Originator
March 31, 2016	Version 1	Issued to NG	SD, AMEC Foster Wheeler
August 18, 2016	Revision 1 Draft	Issued to EC	DM, New Gold
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newgoldTM Rainy River Project

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August 30, 2016

Magali Francoeur
Canadian Environmental Assessment Agency
160 Elgin St., 22nd Floor
Ottawa, ON
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Subject: Re: Annual Reporting Review New Gold Rainy River Project

Dear Ms. Francoeur,

In response to your letter dated July 19, 2016, regarding Annual Reporting Review, a copy of the revised 2015 Annual Report is attached for your review.

The Guidance to Proponent Decision Statement Reporting and Notification Requirements for the Rainy River Project was followed in the preparation of this report. We acknowledge the omissions cited in the 2015 Annual Report as per your letter and hope that the revised information provided will meet the CEAA Annual Reporting requirements.

Please review and forward any comments to Cailey Anderson (Cailey.Anderson@newgold.com) and Stacey Jack (Stacey.Jack@newgold.com).

Regards,



Darrell Martindale
Environmental Manager

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1.0 PROJECT UPDATE

New Gold Inc. (New Gold) is currently constructing the Rainy River Project (RRP), and plans to operate and eventually reclaim this new open pit and underground gold mine. Physical works related to the RRP will consist primarily of:

- Open pit;
- Underground mine;
- Overburden, mine rock and low grade ore stockpiles;
- Primary crusher and process plant;
- Tailings management area;
- 230 kilovolt transmission line;
- Relocation of a portion of gravel-surfaced Highway 600; and
- Associated buildings, facilities and infrastructure, supported by related piping and power infrastructure as needed.

Construction of the RRP began in late spring 2015 after the Environmental Assessment (EA) process was complete, the Closure Plan was filed and environmental approvals necessary for the work proposed were obtained.

The subsections that follow provide an overview of the activities conducted onsite during 2015. Photographs are provided in Appendix A.

1.1 Construction

- Overall construction progress was 21%.
- Site earthworks (New Gold work package CC003) progressed to 86% complete by year end.
- Concrete placement was on target at 42% complete versus a plan of 43%. Lean mix placed to date is 5,273 m³ and structural concrete placed to date is 8,648 m³. Approximately one-third (22 of 72) of the precast footings have now been placed in the process building.
- Structural steel erection was completed to Gridline 23 with one truss and the end wall remaining to complete the main structural shell of the building. Cladding commenced on the north east side of the grinding building at year end. Overall completion was 13%.
- Pinewood River pipeline progressed to 18%. Fusing of pipe was substantially complete by year end. Started digging trench to bury pipeline on the Highway 600 right of way.

- Earthworks progressed on various elements of the permanent water management infrastructure at the RRP site during 2015, with Berm 2 of the Water Management Pond nearing completion at year end. The status of the Earthworks Packages was as follows:
 - CC116-1 east earthworks 30% complete (Clark Creek Dam, Teeple Road Dam, Interim Mine Rock Pond and Mine Rock Pond);
 - CC116-2 north earthworks 67% complete (West Creek Pond Dam, West Creek Diversion Channel); and
 - CC116-3 west earthworks phase 1 and 2, 47% complete (Water Management Pond Dam and West Tailings Management Area).
- Highway 600 and the East Access Road were both opened to traffic in late December. Final surfacing, drainage works and site clean-up to be completed in 2016.

1.2 Operations

- Assembly of initial mine fleet largely complete.
- Exceeded target for mine development material movement by 15% in the fourth quarter of 2015.
- Employee transportation plan developed.
- Temporary assay lab established.
- Warehouse established.

1.3 Health and Safety

- No Lost Time Incidents in 2015.
- 1,265,699 hours worked on the project in 2015.
- Provided Site Health, Safety and Environmental Orientation for more than 2,500 people.
- Initiated Joint Health and Safety Committees for RRP Construction and RRP Operations.
- Began forming and developing the Emergency Response Site Team including regular training and drills.
- Ongoing proactive health and safety measures include: crew talks, field level risk assessments, and safe act observations and interactions.

- Developed critical task procedures (such as for: confined space, working at heights and working under power lines).

1.4 Community

- Extensive community engagement activities with neighbors, Aboriginal partners, municipalities and various interested members of the public.
- 17 career fairs held in Aboriginal and non-Aboriginal communities.
- Public presentations at various venues including: Women in Mining Symposium in Fort Frances, the Fort Frances Chamber of Commerce and Rainy River District Municipal Association.
- Spring, Summer and Fall newsletters distributed throughout the entire Rainy River District and parts of the Kenora District.
- Neighbours visits, tour and meeting.
- Numerous visits to Aboriginal Communities.
- Site tours provided to the Elders and community members of Naicatchewenin, Rainy River and Big Grassy First Nations.
- New Gold is proud to have graduated 11 surface miners from our first training program; Surface Miner Aboriginal Trainee. These graduates come from three local aboriginal communities and had no previous experience in mining.
- Four on-site public ceremonies held in Spring, before clearing activities commenced, before first blast at site and Fall.
- Ground-breaking ceremony and reception with invited guests.
- Mining Matters Program delivered in three local schools in Naothkamegwanning First Nation, Fort Frances High School and Sturgeon Creek Elementary School in Chapple.
- Impact and Benefits Agreement completed with Big Grassy First Nation (January 2015).
- On-going discussions with other First Nation communities including Naothkamegwanning, Ojibways of Onigaming, Big Island and Northwest Angle #37.

New Gold continues to track consultation and engagement activities on an ongoing basis.

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1.5 Human Resources

- 165 New Gold team members employed at the RRP in a range of positions, including: surface miners, environmental technicians, heavy equipment operators and miscellaneous support functions. The majority of the team are from the local area.
- 500+ construction team members on site at the end of 2015 working for the numerous contractors who are helping to build the RRP.
- Implementation on an online e-recruit program
- Partnered with various local agencies and institutions to support local training and hiring.
- With Aboriginal partners, developed and implemented an Anishinaabe Engagement (cultural awareness) program for all New Gold employees and all on-site contractors.

2.0 REGULATORY UPDATE

Rainy River Resources Ltd., predecessor to New Gold, submitted a Project Description to the Canadian Environmental Assessment Agency (CEA Agency) pursuant to the *Canadian Environmental Assessment Act, 2012*, that was approved on August 31, 2012. On December 18, 2012, Rainy River Resources was informed that a Standard Assessment would be required for the RRP and final Environmental Impact Statement Guidelines were issued by the CEA Agency. In parallel, Rainy River Resources volunteered to be subject to an individual EA for the RRP under the Ontario *Environmental Assessment Act*. The Proposed Terms of Reference as amended, was approved by the Ontario Minister of the Environment on May 15, 2013.

On January 17, 2014, New Gold submitted documentation intended to fulfill the EA requirements as defined by the Provincially-approved Terms of Reference and Federal Environmental Impact Statement Guidelines:

Rainy River Project, Township of Chapple, Final Environmental Assessment Report (Environmental Impact Statement), Version 2. Prepared for Rainy River Resources Ltd. by AMEC Environment & Infrastructure.

A positive Federal EA Decision Statement was issued on January 12, 2015 and a favourable Provincial EA Notice of Approval was released on January 29, 2015.

A number of environmental approval applications were submitted in advance of completion of the EA process. After EA approval and on completion of the necessary regulatory review and consultation, the initial environmental approvals required to start construction were issued (or filed in the case of the Closure Plan) by the regulatory authorities.

Table 1 provides a summary of the environmental approvals related to the RRP received by New Gold during 2015.

Table 1: Environmental Approvals Received during 2015

Agency	Type	Number	Description	Comments
Ontario Ministry of Environment and Climate Change	Permit to Take Water	8776-9W2QN3	Pinewood River	
		7631-9VULMS	Mine Dewatering	
		3638-9VTNRM	Tait Quarry	
		2133-9VUPVZ	Construction Minor Takings	
		1386-9VTP2H	Aggregate Sources (OC3, OC4, Roen)	
		0040-9VUL6B	Tailings Management Area Construction	
	Environmental Compliance Approval	5781-9VJQ2J	Construction Phase / Tait Quarry	
		5178-9TUPD9	Industrial Sewage	
		8567-9ZXG8U	Air / Noise	Superseded
		0412-A2LR4V	Air / Noise	Amended
Ontario Ministry of Natural Resources and Forestry	Work Permit / Letter of Authority <i>(Lakes and Rivers Improvement Act / Public Lands Act)</i>	FF-2015-01	Culverts C2, C6, C8	
		FF-2015-02	West Creek Diversion	
		FF-2015-03	Clark Creek Diversion	
		FF-2015-04	TMA	
		FF-2015-05	Mine Rock Pond	
		FF-2015-07	Pinewood River Intake / Outfall	
		FF-2015-08	Culvert C15	
		FF-11-2015/16	Highway 600 Crossing	
		FF2-2015/16	East Access Road Construction	
		FF6-2016/2016	East Access Road Construction (amendment)	
		FF-11-2015/16	Pinewood River - bridge crossing	
	Endangered Species Act Permit	FF-C-001-14	Permit Under 17(2)(c) (Note: issued during 2014)	
	Aggregate Resources Licence	625851	Tait Quarry	

Ontario Ministry of Natural Resources and Forestry	Forestry Resource Licence	553212, 553213, 553214, 553223, 553224, 553225, 553226, 553227, 553271, 553272	Crown forest resources	
		553037, 553038, 553039	Crown forest resources	Expired March 31, 2015
	Licence to Harvest	B12011, B12013, B12014, B12032, B12033, B12039, B12040, B12052, B12053	Licence to Harvest on Private Land	
		B12008, B12009	Licence to Harvest on Private Land	Expired March 31, 2015
	Authority to Haul	216310, 216366, 216367, 216822, 216823, 216833, 216836, 216838, 216882, 216883, 216884, 216885, 216886, 217018, 217019, 217020, 217021	Authority to Haul	
		216269, 216277, 216278, 216279, 216280	Authority to Haul	Expired March 31, 2015
	Land Use Permit	1134-1003161, 1134-1003162, 1134-1003167	Land Use Permit - Wood Storage	
		1134-1003160, 1134-1003163, 1134-1003164	Land Use Permit - Wood Storage	Expired March 31, 2015
	Other Permits	1079341	Fish Collection Permit - Culvert C3, C7, C8	
		1080070	Fish Collection Permit - Fish Salvage	
		2015-764 / 1081093	Authorization for wildlife interference	
		1079145	Authorization for wildlife interference	
		1081168	Wildlife Scientific Collectors Authorization - Turtle Relocation	

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Ontario Ministry of Northern Development and Mines	Closure Plan	-	Filed by Ministry of Northern Development and Mines (February 23, 2015)	
Ontario Ministry of Transportation	Entrance Permit	13+ approvals		
	Encroachment Permit	14+ approvals		
	Land Use	11+ approvals		
Fisheries and Oceans Canada	Authorization	15-HCAA-00039	Section 35(2)	
	Letter of Advice	KE-12-0963	Road Crossings	
Transport Canada	Letter	15-0045	Linear Structure	No objection from NavCan
	Letter	15-0046	Blasting Zone	No objection from NavCan
	Clearance	ATS-15-16-00026521	Transmission Line - Aeronautic Obstruction Clearance	No lighting or marking required

3.0 ANNUAL EA COMPLIANCE REPORT REQUIREMENTS

3.1 Regulatory Background

Condition 2.3 of the Federal EA Decision Statement required that:

- *The Proponent shall submit to the Agency an annual report on the implementation of the conditions set out in this Decision Statement with a supporting analysis for each of the conditions for the preceding calendar year on or before March 31, starting from the commencement of any activities in connection with the carrying out of the Designated Project. Each annual report shall describe how the Proponent has considered and incorporated the factors outlined in condition 2.1 in the implementation of the conditions set out in this Decision Statement.*

Condition 2.5 requires that the report be available on the Proponent website within 30 days of submission to the CEA Agency. This posting will be completed by April 30, 2016.

Condition 6 of the Provincial Notice of Approval also indicated a requirement for an annual EA compliance report:

- *Condition 6.1: The Proponent shall prepare an annual Compliance Report which describes its compliance with the conditions of approval set out in this Notice of Approval, and which describes the results of the Proponent's Environmental Assessment Compliance Monitoring Program required by Condition 5 of this Notice of Approval.*
- *Condition 6.2: The first annual Compliance Report shall be submitted to the Director, for the public record, within one year from the Start of Construction and shall cover all activities of the previous 12 month period.*

Per an e-mail communication between Mr. Kyle Stanfield, New Gold and Ms Sasha McLeod of the Ministry of Environment and Climate Change on March 2, 2015, the timing of the Provincial EA Compliance Report was aligned with the Federal requirement, and will be due on March 31st each year.

This report is intended to meet the Federal annual EA compliance report requirements.

3.2 Report Content Requirements

In accordance with the Federal EA Decision Statement this Annual EA Compliance Report contains the following:

- Guidance to the Proponent Decision Statement Reporting and Notification Requirements
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The Federal Decision Statement included a number of conditions that were to be tracked to completion. The excel spreadsheet provided – Guidance to Proponents – Reporting Requirements for a Decision Statement – Rainy River is attached in Appendix B. This spreadsheet provides the status and supporting analysis in the form of a description of the activities for each condition as well as supporting documentation for validation in the attached Appendices. It demonstrates how the first year of the construction phase met the conditions of the Decision Statement, recognizing that 2015 was not a full year of activities.