



newgold™

New Gold Rainy River Project

Environmental Assessment Compliance Report
Reporting Period January to December 2016

Version 1.0

Dated March 2017



**New Gold RRP Environmental Assessment
Compliance Report 2016
Version 1.0 March 2017**

Per Provincial Environmental Assessment
Notice of Approval Condition 5
EA 05-09-02 / EAIMS 13102
and
Per Federal Environmental Assessment
Decision Statement Condition 2.3

Version 1.0

Dated March 2017



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Rainy River Project

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Photos:

Title: Northern Harrier on hay bale, Aug 2012

Left: Common snipe eggs in nest, June 2016



Executive Summary

This 2016 Annual Report covers the reporting period from January 1st to December 31st 2016 for the New Gold Inc. Rainy River Project.

The Rainy River Project is an advanced-stage gold project situated in Chapple Township, approximately 65 kilometers northwest of Fort Frances in northwestern Ontario. The property has excellent infrastructure, with year-round road access and power lines in close proximity.

The project contemplates a 21,000 tonne-per-day processing rate from a combination of open pit, underground and stockpiled ore. The project is expected to produce 325,000 ounces of gold annually. New Gold Inc. intends to pursue the opportunity to process higher grade ounces in the project's early years, while stockpiling lower grades for processing towards the end of the mine life, with the goal of increasing cash flow and enhancing project economics.

The 2016 Rainy River Project Environmental Assessment Compliance Report demonstrates New Gold's commitment to environmental performance and compliance with the Federal Environmental Assessment Decision Statement and satisfies reporting requirements for the Canadian Environmental Assessment Agency.

This document outlines key areas associated with; Aboriginal and community Consultation, project development, reclamation activities, protection of fish and wildlife and associated habitats, migratory birds and the sites implementation of the Migratory Birds Convention Act, health of Aboriginal peoples, site archaeology, heritage and cultural resources. This document also contains a summary of monitoring and research activities associated with water and air quality and wildlife and aquatic monitoring.



Figure 1: Sandhill crane in hay field, September 2016

Acronyms

CEAA	Canadian Environmental Assessment Agency
CMP	Environmental Assessment Compliance Monitoring Plan
DFO	Department of Fisheries and Oceans
EA	Environmental Assessment
ECCC	Environment and Climate Change Canada
ECA	Environmental Compliance Approval
LRIA	Lakes and Rivers Improvement Act
MMER	Metal Mining Effluent Regulation
MNDM	Ministry of Northern Development and Mines
MNRF	Ministry of Natural Resources and Forestry
MOECC	Ministry of Environment and Climate Change
MRP	Mine Rock Pond
MSDS	Material Safety Data Sheets
NG	New Gold Inc.
PWQO	Provincial Water Quality Objectives
RRP	Rainy River Project
SAR	Species at Risk
TMA	Tailings Management Area
WMP	Water Management Pond

* Please note this is a select list of commonly used acronyms for this document.



Figure 2: Fraser Greene, Mine Trainer, at Fall Ceremony, October 2016

Table of Contents

Executive Summary	iv
Acronyms	v
1 2016 Project Update	2
1.1 Health and Safety	3
1.2 Construction	4
1.3 Mine Operations	4
1.4 Human Resources	6
1.5 Community	7
2 Environmental Highlights.....	10
2.1 Regulatory Update	10
2.2 General Conditions (Condition 2)	11
2.3 Fish and Fish Habitat (Condition 3)	11
2.4 Migratory Birds (Condition 4).....	12
2.5 Health of Aboriginal Peoples (Condition 5).....	12
2.6 Current Use of Lands and Resources for Traditional Purposes (Condition 6)	13
2.7 Aboriginal Archaeological, Heritage and Cultural Resources (Condition 7).....	14
2.8 Species at Risk and Wildlife Monitoring (Condition 8)	14
3 Annual Environmental Approval Compliance Report Requirements	22
3.1 Regulatory Background.....	22
3.2 Report Content Requirements.....	23
3.3 Federal Decision Statement Registry	23
3.4 Notice of Approval Registry	23
3.5 Commitments Registry	23
3.6 Follow Up Monitoring Plan Registry	24
3.7 Public Consultation Registry.....	24
4 Conclusion	28

Figures

Figure 1: Sandhill crane in hay field, September 2016	iv
Figure 2: Fraser Greene, Mine Trainer, at Fall Ceremony, October 2016	v
Figure 3: Members of the New Gold RRP ERT, December 2016	3
Figure 4: Development of the Phase 1 Pit, December 2016	5
Figure 5: Mineral Processing Training Program Graduates, December 2016	6
Figure 6: Spring Ceremony, May 2016	7
Figure 7: Deer in birch trees, Oct 2016	14
Figure 8: Canadian Geese and Highway 600 Realignment Bridge, April 2016	15
Figure 9: Assembly Pad Inspection, July 2016	19
Figure 10: Transmission Line, May 2016	24

Tables

Table 1: RRP Statistics	3
Table 2: Environmental Approvals and Permits	16

Appendices

Appendix A: Annual Compliance Report Condition Requirements

- Condition 2: General Conditions
- Condition 3: Fish and Fish Habitat
- Condition 4: Migratory Birds
- Condition 5: Health of Aboriginal Peoples
- Condition 6: Current Use of Lands and Resources for Traditional Purposes
- Condition 7: Aboriginal Archaeological, Heritage and Cultural Resources
- Condition 8: Subsection 5(2) effects related to components of the Designated Project that may be associated with Federal Authorizations

Appendix B: Provincial EA Notice of Approval Registry EA 05-09-02 EAIMS No. 13102

Appendix C: Commitments Registry

Appendix D: EA Follow Up Monitoring Registry

Appendix E: Public Consultation Registry



2016 Project Update



The construction of the Rainy River Project continued through 2016 with the continued construction of infrastructure, completion of some scopes of work and commissioning of certain Mill and other facility components.



2016 Project Update Title Photos:

Top: In pit blast, 6th Sept 2016

Middle: Open Pit Development, Dec 2016

Bottom Left: Mill Exterior Construction, Dec 2016

Bottom Right: Mill Interior Construction, Nov 2016

1 2016 Project Update

The Rainy River Project (RRP) site is located in the Township of Chapple, approximately 65 kilometers, one-hour drive by road, northwest of Fort Frances in northwestern Ontario. The RRP is owned by New Gold Inc. (New Gold). The project is an open pit and underground gold mine, currently in the Construction Phase. Construction began on the RRP in 2015 and continued in 2016. New Gold plans to operate and eventually reclaim the open pit, infrastructure and related facilities. 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 infrastructure, buildings and facilities, supported by related pipeline and power infrastructure as required.

Construction of the RRP began in early spring 2015 after the Environmental Assessment (EA) process was completed, the Closure Plan was filed and the environmental approvals necessary for the work proposed were obtained. During 2016 construction continued with the completion and commissioning of various works.

The subsections that follow provide an overview of the activities conducted onsite during 2016.

2016 Project Update

The construction of the Rainy River Project continued through 2016 with the continued construction of infrastructure, completion of some scopes of work and commissioning of certain Mill and other facility components.

1.1 Health and Safety

Health and Safety is a primary focus of the RRP. Table 1 outlines the project statistics from 2015 and 2016.

Table 1: RRP Statistics

Description	2015	2016	Project Total to end of 2016
Lost Time Incidents	0	1	1
Hours Worked on Project	1,265,699	2,899,056	4,164,755
Provided Site Health, Safety and Environmental Orientation	2,500	3,200	5,700

There were two key types of activities related to Health and Safety completed in 2016;

- The Emergency Response Team (ERT) training plans and schedules were developed and implemented. The ERT training continues into 2017. ERT Emergency Response equipment, Figure 3 , was also purchased during 2016.
- Proactive health and safety measures including crew safety talks, field level and project specific risk assessments, safe act observations and interactions. These items continue in 2017.



Figure 3: Members of the New Gold RRP ERT, December 2016

1.2 Construction

2016 marked the second year of construction of the RRP. Several advancements were made in the completion of the operational infrastructure;

- Concrete placement, steelwork erection and cladding completed for the Mill.
- SAG and ball mill shells in place.
- Pre-leach thickener tank and leach tanks completed
- Power line completed and main substation has been energized.
- Installation of mechanical, piping, electrical and instrumentation in processing facilities over 65% complete.
- Primary crusher and conveyor system over 80% complete.

During 2016 various aspects of the construction were completed including:

- Completion of the Pinewood River Pumphouse and pipeline which will provide water to the Mill for commissioning and processing.
- Construction of the East Access Road including public access, and completion of the Highway 600 Realignment.
- Infrastructure such as the Assay Lab, Emergency Vehicle Storage and Plant Site South Pond were completed.

Construction continued in 2016 on the various water management dams, and infrastructure such as the Mill and Truck Shop and Wash. Construction work in the Tailings Management Area, specifically on the dams, tailings and water pipeline corridors and access roads, was also started in 2016.

1.3 Mine Operations

RRP Mine Operations continued expanding the Phase 1 Pit in 2016 to expose the ore zone and build site wide infrastructure with the movement of 20Mt of material.

In 2016, the slopes of the dams for the Tailings Management Area (TMA) and Water Management Pond (WMP) were flattened, which caused an increase in the demand for construction material. The primary Mine Operations production fleet was doubled to meet the updated plan requirements and account for the increased construction material demand.

One of the RRP suppliers completed construction of a site manufactured emulsion (SME) plant to provide long term explosive delivery to the project at reduced costs. The detailed engineering work for the underground mine began in October 2016.

Figure 4 shows the development of the Phase 1 Pit at the end of 2016, outlined in light blue, in comparison to the Final Open Pit footprint outlined in red. The depth of the Phase 1 Pit at the end of 2016 was to the 310 bench, which indicates that the floor of the pit was 310 m above sea level.

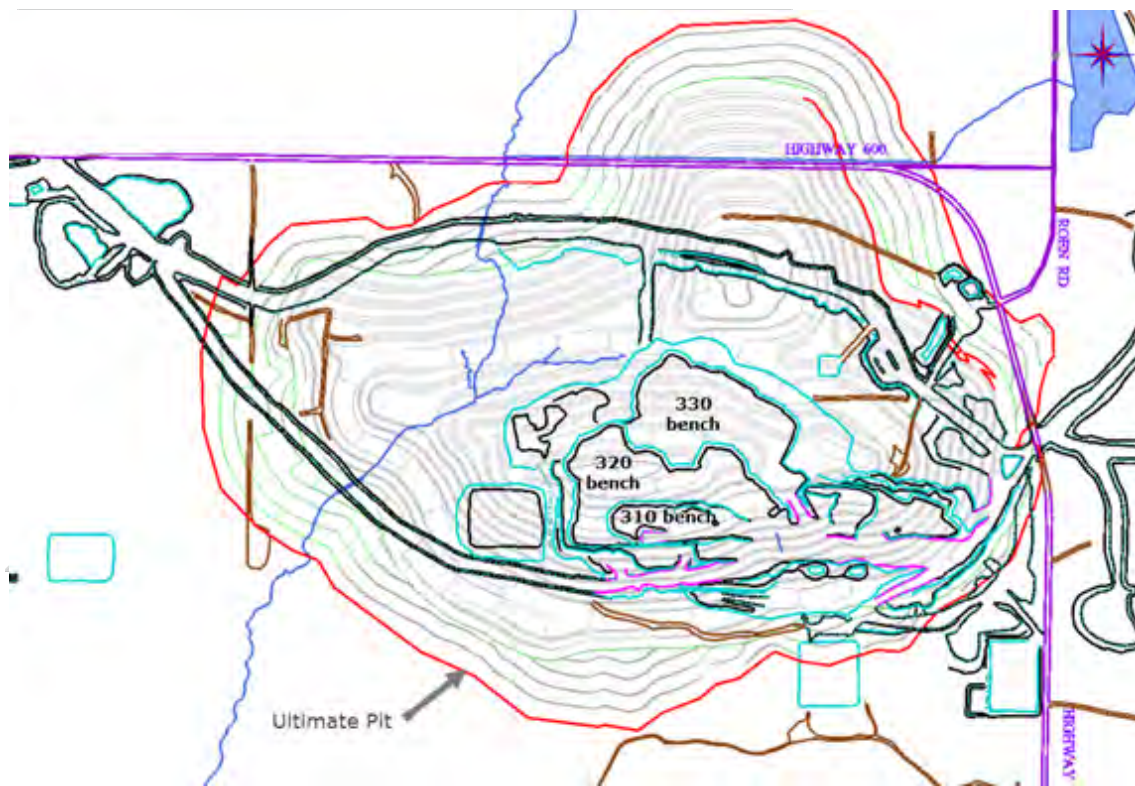


Figure 4: Development of the Phase 1 Pit, December 2016

Selected 2016 Mine Operations activities are summarized below:

- Stockpiled a portion of the low grade (LG) ore required for Mill commissioning. More material will be required for the full Mill commissioning and stockpiling will continue in 2017.
- Added the following pieces of equipment to the Mine Operations Load and Haul Fleet:
 - ten haul trucks (830E),
 - one large front loading shovel excavator (PC8000), and
 - one smaller backhoe configuration excavator (PC3000).
- Two DR461i production drills were added to the Mine Operations Drill Fleet.
- Construction of the SME plant for explosives was completed.
- The Haul Road was completed and rock delivery to the TMA and WMP started. The TMA was started in 2016. TMA and WMP construction continues to run separately from the general Mine Operations.
- In 2016, Mine Operations also continued rock delivery to construction projects across site such as primary crusher pad.

1.4 Human Resources

During 2016, New Gold RRP hired 252 new employees which brought the total number of operations employees to 418 by the end of the year. Of the operations employees, approximately 80% were from the local Districts and 30% were of Indigenous descent. Besides the operations employees, there were also 700 contract employees working on site by the end of 2016.

RRP worked with government agencies and Indigenous communities in implementing two training programs; haul truck operator and mineral process operators. Eight individuals successfully graduated the haul truck operator training program and 13 individuals graduated from the mineral process operator program. All of the successful graduates were offered employment with the RRP and have gained invaluable career skills. Training activities conducted in 2016 included:

- Development of a site wide Training Module in SAP, the accounting and training tracking program used by RRP.
- Planned and executed 2 Trainee Programs,
 - The Aboriginal Mill Operator Trainee Program, and,
 - The Aboriginal Haul Truck Trainee Program.

To ensure ongoing engagement in regards to human resources, RRP also worked with local employment and training agencies and hosted 16 career fairs in 2016.



Figure 5: Mineral Processing Training Program Graduates, December 2016

1.5 Community

During 2016, the Community Team and other site teams, held various community engagement activities with neighbours, Indigenous partners, municipalities and interested members of the public. With the ongoing construction of the RRP, opportunities to engage the community and increase knowledge of mining activities included career fairs, site tours and PDAC Mining Matters Program. Please refer to Appendix E Public Consultation Registry for details around public consultation in 2016.

The following outlines the Community activities completed in 2016;

- 16 Career Fairs / Employment Open Houses held in Indigenous and non-Indigenous Communities.
- Public presentations were completed at various venues including; a project update at the Emo Legion to the general public, Fort France Chamber of Commerce Men's Breakfast Club and many workshops.
- Spring, Summer and Fall newsletters were distributed throughout the entire Rainy River District and parts of the Kenora District.
- Coach bus tours of the project area were provided to the neighbours and the general public. Approximately 250 individuals total participated in the tours in 2016. Site tours were also provided to various Indigenous communities including; Onigaming First Nation, Nautkamegwanning First Nation, Big Island First Nation, Big Grassy River First Nation, Rainy River First Nations and Naicatchewenin First Nation.
- Numerous visits to various Indigenous communities were done in 2016 including Onigaming First Nation, Nautkamegwanning First Nation, Big Island First Nation, Big Grassy River First Nation, Rainy River First Nations and Naicatchewenin First Nation.
- On-site ceremonies were held in the Spring and the Fall. There was also a water ceremony held at the Pumphouse and a ceremony prior to the opening of the Plant Site Administration Building.
- The PDAC Mining Matters Program was held in four local schools; day programs were held at the Rainy River High School, Robert Moone School, Fort Frances High School and Sturgeon Creek Elementary School in Chapple. There was also an evening program held at the Donald Young School in Emo.



Figure 6: Spring Ceremony, May 2016



Environmental Highlights

A summary of the Environmental Approvals related to the RRP received by New Gold during 2016 has been provided in this section as well as the ongoing licenses that RRP maintains as part of the construction and commissioning activities.

Regulatory Update Title Photos:

Left: Daryl Archie Tree Planting, May 2016

Top Middle: Forget-Me-Not, July 2016

Bottom Middle: Yellow Lady Slipper, July 2016

Right: Garnet Cornell and Nathan Baird, March 2016

2 Environmental Highlights

Rainy River Resources Ltd. (Rainy River Resources), a predecessor to New Gold, submitted a Project Description to the Canadian Environmental Assessment Agency (CEAA) 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 CEAA. 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, were 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 by, or in the case of the Closure Plan, filed with by the regulatory authorities.

2.1 Regulatory Update

In January 2015 both a Federal Environmental Assessment Decision Statement and a Provincial Environmental Assessment Notice of Approval were provided to New Gold for the Rainy River Project.

Environmental Highlights

A summary of the Environmental Approvals related to the RRP attained by New Gold during 2016 has been provided in this section as well as the ongoing licenses that RRP maintains as part of the construction and commissioning activities.

Throughout 2015 and 2016 earthworks construction of dams, water diversion systems, road construction, commissioning and mine operations were advanced based on various permits and approvals granted by both Federal and Provincial Governments.

Table 2 provides a summary of the environmental approvals related to the RRP operated by New Gold.

Sections 2.2 to 2.8 summarize the New Gold RRP 2016 development of each condition. Detailed information on each condition and the New Gold RRP 2016 activities regarding those conditions can be found in Appendix A.

2.2 General Conditions (Condition 2)

During the second year of construction the RRP has made some minor modifications to the design of the project to allow for temporary facilities associated with construction and permitting delays. However, these modifications have been designed to meet the conditions outlined in the Decision Statement as well as other applicable Provincial and Federal permit approvals. Where necessary, applications for new permits have been made.

In October 2016 the Canadian Environmental Assessment Agency had the opportunity to visit the project and spend three days on site. This allowed for calibration and knowledge development by the CEAA mandate and interpretation of the Decision Statement, allowing New Gold RRP to not only achieve requirements outlined in the Decision Statement but to find opportunities to enhance these requirements.

Consultation and engagement methods were significant discussion items throughout the EA process and in the negotiation of Impact Benefit and Participation Agreements. Active consultation and engagement with local communities continued through 2016.

2.3 Fish and Fish Habitat (Condition 3)

Construction of the Rainy River Project required that two natural water courses be diverted in order to accommodate the construction of water treatment facilities for pit dewatering, the Mill and associated plant site infrastructure and the open pit. While no actual water course diversion took place in 2015 or 2016, construction of compensation ponds and earthworks associated with diversions did take place under approval from the Ministry of Natural Resources and Forestry (MNR) and the Department of Fisheries and Oceans Canada (DFO). By the end of 2016, New Gold RRP had constructed four ponds and approximately ten kilometers of man-made creek channel that have incorporated appropriate fish habitat for the water flow and fish species within the project area.

In late November 2016, New Gold RRP began to commission the water systems. As part of the projects DFO authorization a five year Fisheries Monitoring Plan will be implemented to ensure that all habitat is functioning as designed and that fish have moved into these systems.

In October 2016 New Gold RRP conducted the RRP Fish Tissue Monitoring Program, with fish collection conducted from September 19th to 24th. Fish communities and catchability for walleye and northern pike were generally consistent with the results of previous sampling efforts.

The report found that the RRP has not had any influence on the concentrations of metals in muscle and liver tissues of the sentinel fish species. The 2016 report was finalized March 2017.

Installation of culverts on the project as well as planning for the advancement of the Open Pit in early 2017 required that fish salvage programs be conducted once again this year. Under various fisheries licenses issued by the MNRF, New Gold RRP retained professional services to assist in the relocation of approximately 16,976 fish (primarily minnow and small bodied species) from the West Creek and from the Pinewood River System at the Pumphouse intake. A total of 30 fish (15 Walleye and 15 Northern Pike) were captured for detailed study purposes.

Further information regarding the Fish and Fish Habitat Conditions for the Rainy River Project can be found in Appendix A Condition 3 of this Report.

2.4 Migratory Birds (Condition 4)

During the 2016 breeding bird window, the RRP Environmental Team completed 233 bird sweeps to ensure construction and mining operations would not have an impact on nesting birds. There was one incidental take of Migratory Birds or bird nests on site during 2016; one robin nest, resulting in a loss of eggs.

Extensive training and information sharing regarding migratory birds and species at risk occurred on site and the Environmental Department feels that the participation from onsite contractors and new Gold Employees greatly contributed to the success of the RRP monitoring programs.

Two years after the installation of barn swallow nesting boxes, barn swallows have started utilizing one of the nesting structures during the 2016 nesting period. Monitoring of the nesting boxes will be ongoing throughout the life of the project.

Further information regarding migratory bird protection and monitoring can be found in Appendix A Condition 4 of this report.

2.5 Health of Aboriginal Peoples (Condition 5)

New Gold RRP initiated quarterly Environmental Monitoring Boards in 2016 to engage community members in environmental aspects of the project and address any community concerns.

Air quality monitoring was completed in 2016 per environmental approval requirements. Two air quality stations were installed in May 2015 and the Ambient Air Quality Monitoring Program was accepted by the MOECC in November 2016.

Three exceedances were reported in 2016 that were related to traffic on a public road and forest fires in the region. Aboriginal groups were not notified of these exceedance. In late 2016, RRP initiated a notification system to advise Aboriginal groups of exceedances and going forward Aboriginal groups will be notified.

Fugitive dust was mitigated by the following strategies in 2016; applying water and calcium chloride to roads and parking lots and use of water suppression devices on rock crushing and screening operations. Visual monitoring was done to assess if the strategies were effective and notified the appropriate parties if further measures needed to be taken.

In 2016, a fish assessment was undertaken in the Pinewood River downstream of the RRP as a continuation of a fish tissue study started in 2015. Northern Pike and Walleye were monitored for key contaminants. The data indicated that the RRP did not have any influence on the concentrations of metals in muscle and liver tissues of the above fish species.

No new information was obtained or new impacts predicted during 2016 related to the RRP, that could affect the health of Aboriginal people. Further information regarding the Fish and Fish Habitat Conditions for the Rainy River Project can be found in Appendix A Condition 5 of this report.

2.6 Current Use of Lands and Resources for Traditional Purposes (Condition 6)

As construction was on-going in 2016, access to lands was limited due to health and safety considerations for the public and team members working on site.

Indigenous people were invited to participate in a deer tissue sampling program. The Deer Tissue Monitoring Program was initiated in the Fall of 2016. There were presentations to First Nation Communities before the program started. Results will be communicated in 2017. In 2017 New Gold RRP plans to invite Aboriginal community members to continue to participate in the deer tissue sampling program and a controlled hunt on-site, depending on safe and favourable site conditions.

New Gold RRP remains open to discussing closure objectives in relation to the results of the Traditional Knowledge / Traditional Land Use (TK / TLU) study however no specific comments received in 2016.

More information including supporting documentation can be found in Appendix A Condition 6 of this report.

2.7 Aboriginal Archaeological, Heritage and Cultural Resources (Condition 7)

All archaeological work for Stages 1-3 have been completed at the Rainy River Project Site. Stage 4 excavation at the Campbell 1 site is complete; the preliminary report was completed and submitted in 2016. The final artifact analysis is due in December 2017 and is being completed by Woodland Heritage Services.

There are three remaining sites that require Stage 4 excavation. These sites will be will not be impacted by construction activities and will be avoided on an interim basis. These sites will only be excavated once construction activities are complete. A preliminary report has also been submitted for these sites. No other heritage or cultural work was necessary in 2016 and there were no unanticipated discoveries.



Figure 7: Deer in birch trees, October 2016

2.8 Species at Risk and Wildlife Monitoring (Condition 8)

Wildlife monitoring is a high priority for New Gold RRP and the importance of protecting reporting and monitoring all wildlife is impressed upon all visitors and workers.

New Gold RRP has gone to great lengths to protect and preserve Whip-poor-will and Bobolink species and habitats by purchasing and maintaining over 1400 hectares of compensation land called Overall Benefit Land (OB Land). The OB Land encompasses approximately 1400 hectares and benefits a number of species. New Gold expects everyone on the RRP to report any and all wildlife they encounter. The RRP GIS team has

developed an easy to use tracking system that allows data entry to plot and track the wildlife reports in real time. This system allows monitoring and enables the RRP Environmental team to mitigate any high risk areas and watch for any changes in populations.

A Deer Tissue Monitoring Program was developed in 2016 to track the levels of metals and other contaminants within the local Deer population. 2016 allowed the gathering of baseline data for this program with 37 samples collected from almost within the site to as far away as Thunder Bay. The program will be expanded in 2017 to include beaver and cattle samples.



Figure 8: Canadian Geese and Highway 600 Realignment Bridge, April 2016

Table 2: Environmental Approvals and Permits

Agency	Type	Number	Description	Comments
Ontario Ministry of Environment and Climate Change	Permit to Take Water	0040-9VUL6B	Tailings Management Area Construction	
		1386-9VTP2H	Aggregate Sources (OC3, OC4, Roen)	
		2133-9VUPVZ	Construction Minor Takings	
		3638-9VTNRM	Tait Quarry	Expires May 8, 2017. Renewal application with MOECC.
		7631-9VULMS	Mine Dewatering	
		8776-9W2QN3	Pinewood River	
	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	Temporary Culverts C2, C6, C8	
		FF-2015-02 FF-2015-02 Amendment A FF-2015-02 Amendment B	West Creek Diversion	
		FF-2015-03 FF-2015-03 Amendment A FF-2015-03 Amendment B	Clark Creek Diversion	
		FF-2015-04 (replaced with below) FF-2015-04A FF-2015-04B FF-2015-04C	TMA	
		FF-2015-05	Mine Rock Pond	
		FF-2015-07	Pinewood River Intake / Outfall	
		FF-2015-08	Culvert C15	
		FF-2016-02 FF-2016-02A	Culvert Crossing CPL15	
		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	

Agency	Type	Number	Description	Comments
	Endangered Species Act Permit	FF-C-001-14	Permit Under 17(2)(c)	
	Aggregate Resources Licence	625851	Tait Quarry	
	Forestry Resource Licence	Overlapping Agreement with Resolute Forest Products	Crown Forest Resources	
		552762		2013-2014
		553037, 553038 553039		2014-2015
		553212, 553213, 553214, 553223, 553224, 553225, 553226, 553227, 553271, 553272, 553145		2015-2016
Ontario Ministry of Natural Resources and Forestry	Licence to Harvest	553386, 553481, 553514, 553517, 553531 553482, 553500, 553532, 553541 553501, 553533, 553534, 553535	Crown Forest Resources	2016-2017
		B12008, B12009	Licence to Harvest on Private Land	2014-2015
		B12011, B12013, B12014, B12032, B12033, B12039, B12040, B12052, B12053		2015-2016
		B12057, B12071, B12072, B12077, B12078, B12083, B12086		2016-2017
	Authority to Haul	215455	Authority to Haul	2013-2014
		216269, 216277, 216278, 216279, 216280		2014-2015
		216310, 216366, 216367, 216557, 216880, 216881, 216822, 216823, 216833, 216836, 216838, 216882, 216883, 216884, 216885, 216886, 217018, 217019, 217020, 217021		2015-2016
		217396, 217645, 217718, 217762, 217763 217646, 217682, 217663, 217717, 217719, 217683, 217766, 217760, 217771, 217781 217767, 217772, 217387, 217712	Authority to Haul	2016-2017
	Land Use Permit	1134-1003160	Hwy 600 re-alignment Ref# 434-FF Claim # 4200494	
		1134-1003161	Wood Storage - West of Tait Ref# 435-FF Claim # 4200493	
		1134-1003162	Wood Storage - West of Tait Ref# 436-FF Claim # 4200492	

Agency	Type	Number	Description	Comments
Ontario Ministry of Natural Resources and Forestry	Land Use Permit	1134-1003163	East Access Road Ref# 437-FF Claim # 3016838	
		1134-1003164	East Access Road Ref# 438-FF Claim # 3016858	
		1134-1003167	Electrical Transmission Line - Multi-Site - Menary Twp. Ref # 442-FF	Expires July 31, 2025
	Other Permits	1079341	Fish Collection Permit - Culvert C3, C7, C8	Permit for 2015
		1080070	Fish Collection Permit - Fish Salvage	Permit for 2015
		1083746	Fish Collection Permit – Clark, West Creek, Marr, Loslo	Permit for 2016
		1081093	Authorization for wildlife interference	Permit for 2015
		1079145	Authorization for wildlife interference	Permit for 2015
		1081168	Wildlife Scientific Collectors Authorization - Turtle Relocation	Permit for 2016
CEAA	Federal Decision Statement issued under Section 54 of Canadian Environmental Assessment Act, 2012	Federal EA	90+ Federal EA Commitments	
MOECC	Environmental Assessment Act Section 9 Notice of Approval to proceed with the Undertaking	Provincial EA	68 Provincial Commitments	
CEAA	Final EA Report Commitments Registry	EA Commitments	205 Commitments	
	MMER	Reporting Procedures for MMER		
Ontario Ministry of Northern Development and Mines	Closure Plan	-	Contains Closure Plan Commitments Registry Filed by Ministry of Northern Development and Mines (February 23, 2015)	

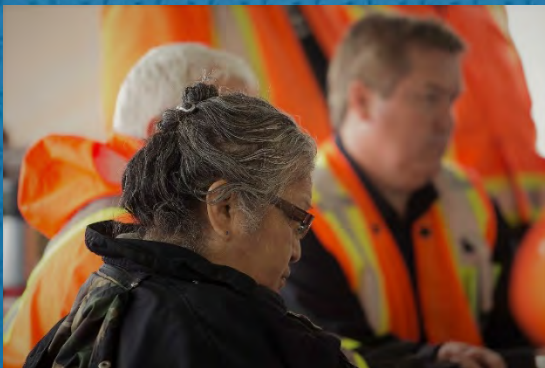
Agency	Type	Number	Description	Comments
Ontario Ministry of Transportation	Entrance Permit	13+ approvals		
	Encroachment Permit	14+ approvals		
	Land Use	11+ approvals		
Fisheries and Oceans Canada	Authorization	15-HCAA-00039	Section 35(2)	
	Letter of Advice	KE-12-0963	Road Crossings	
Transport Canada	Letter	15-0045	Linear Structure	
	Letter	15-0046	Blasting Zone	
	Clearance	ATS-15-16-00026521	Transmission Line - Aeronautic Obstruction Clearance	No lighting or marking required
	Letter	16-2664	Linear Structure	Renewal.
Canadian Nuclear Safety Commission	Nuclear Radiation Licence	15954-1-19.0	Nuclear Radiation Device License	
Ontario Energy Board	Electricity Wholesaler Licence	EW-2014-0371		
Municipality	Occupancy Permit	N16-08	Admin Building – Process Plant Site	



Figure 9: Assembly Pad Inspection, July 2016



Annual Environmental Approval Compliance Report Requirements



Provided in the appendices, this section provides a summary of the Compliance Requirements. Information on each of the specific compliance requirements can be found in detail in Appendices A, B, C and D of this report.

Annual Environmental Approval Compliance

Report Requirements Title Photos:

Top: Spill Training, Dec 2016

Bottom Left: Spring Ceremony, May 2016

3 Annual Environmental Approval 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 Decisions Statement.

Condition 2.5 requires that the report be available on the Proponent website within 30 days of submission to the CEAA. This posting will be completed by 31st March 2017.

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 RRP 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

Annual EA Compliance Report Requirements

Provided in the appendices, this section provides a summary of the Compliance Requirements. Information on each of the specific compliance requirements can be found in detail in Appendices A, B, C and D of this report.

This report is intended to meet both Federal and Provincial annual EA compliance reporting requirements.

aligned with the Federal requirement, and will be due on March 31st each year.

This report is intended to meet both the Federal and Provincial, annual EA compliance report requirements.

3.2 Report Content Requirements

In accordance with the Federal EA Decision Statement and the Provincial EA Notice of Approval, along with the Compliance Monitoring Program submitted by New Gold RRP in fulfillment of Condition 5 of the Provincial EA Notice of Approval, this Annual EA Compliance Report contains the following:

- Federal Decision Statement Registry (Appendix A);
- Provincial Notice of Approval Registry (Appendix B);
- Commitments Registry (Appendix C); and
- Follow Up Monitoring Program (FMP) Registry (Appendix D).
- Public Consultation Registry (Appendix E)

3.3 Federal Decision Statement Registry

The Federal Decision Statement included a number of conditions that were to be tracked and as appropriated completed on an ongoing basis. The Federal Decision Statement Registry updated to December 31, 2016 is attached in Appendix A. This comprehensive table provides a summary and feedback on 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.

3.4 Notice of Approval Registry

Per the Provincial Compliance Management, New Gold RRP committed to maintaining a Notice of Approval Registry that tabulates the conditions of the Notice of Approval and on-going status. The Notice of Approval Registry is to be updated on a regular basis, and no less frequently than annually as part of the project follow up reporting. The updated Provincial Notice of Approval Registry valid to December 31, 2016, is appended to this report in Appendix B.

3.5 Commitments Registry

New Gold RRP made a large number of commitments which were disseminated through the associated EA documentation. New Gold RRP intends to fulfil these commitments as summarized in the Commitments Registry. The registry is intended as a living document and will be amended as needed, to include other mitigation measures / commitments as identified going forward. The registry will be updated on a regular basis, and no less frequently than annually as part of the project follow up reporting. The updated Commitments Registry which tracks completion of EA commitments to December 31, 2016, is provided in Appendix C.

3.6 Follow Up Monitoring Plan Registry

The RRP EA Report / Environmental Impact Statement, Section 13 describes the RRP monitoring plan and environmental management. In accordance with the Code of Practice for Preparing and Reviewing EAs in Ontario, 2014, monitoring is:

Used to verify the expected environmental effects of the undertaking and to determine if any additional impact management measures, or adjustments to any measures, are required. The monitoring framework should consider all phases of the proposed undertaking (for example, planning, detailed design, tendering, construction, operation, closure, decommissioning). This framework must include compliance monitoring and, where appropriate, effects monitoring.

In accordance with *Canadian Environmental Assessment Act, 2012* the purpose of the FMP is to:

Verify the accuracy of the environmental assessment of a designated project; and Determine the effectiveness of any mitigation measures.

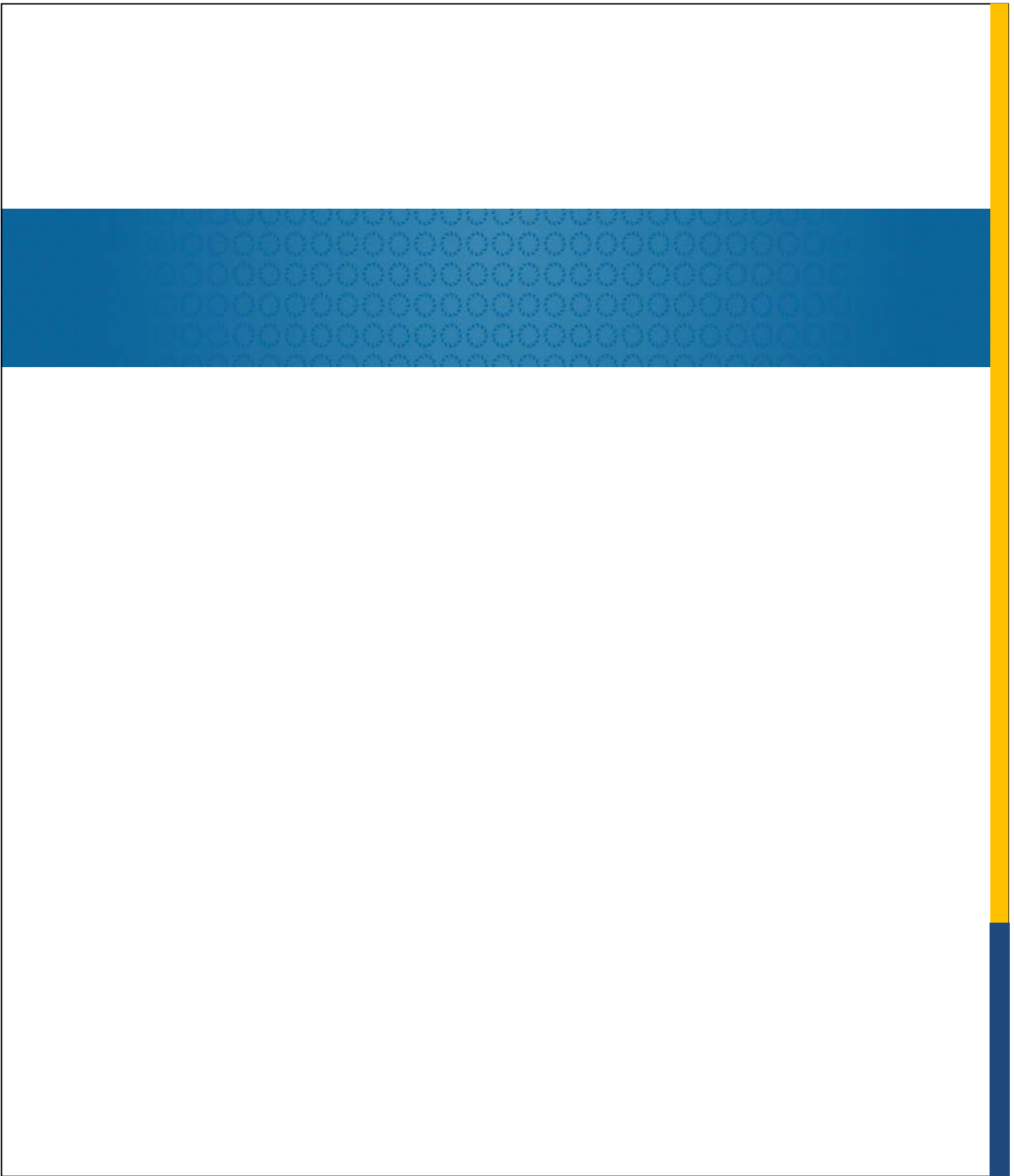
The FMP applies to the construction, operation, active closure and decommissioning (active closure), and post-closure phases of the RRP, as appropriate. As of December 31, 2016 there was limited follow up monitoring required related to the EA. Additional reporting has been completed as required by the environmental approvals received to date; these reports have been issued to the appropriate regulatory authorities. Appendix D contains a copy of the FMP registry, current to December 31, 2016.

3.7 Public Consultation Registry

New Gold has committed to providing a public consultation table as part of the Provincial Compliance Monitoring Program (Version 2 February 11, 2015). 2016 public consultation on the RRP has been attached in Appendix E.

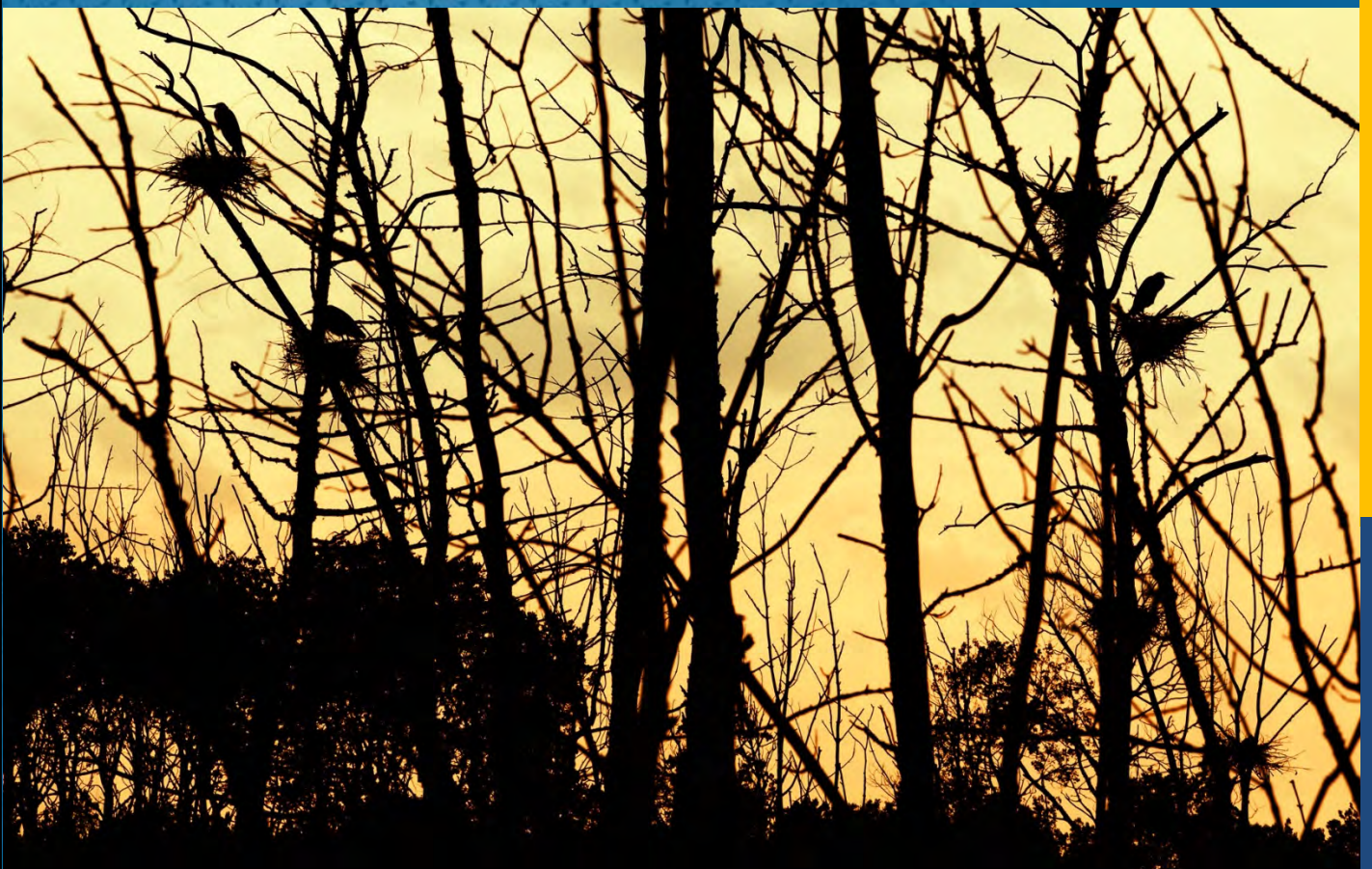


Figure 10: Transmission Line, May 2016



Conclusion

This report has been prepared by New Gold Inc. Rainy River Project with the information available at the time of preparation, the assumptions, conditions and qualifications set forth and with generally accepted industry standards.



Conclusion Title Photo:

Bottom: Blue heron rookery approximately 30km
south of the RRP, May 2016

4 Conclusion

This Environmental Compliance Report was prepared by New Gold Inc. Rainy River Project. The quality of information and conclusions are based on:

- i) information available at the time of preparation, and
- ii) the assumptions, conditions and qualifications set forth in this document.

This report has been prepared in accordance with generally accepted industry standards. No other warranty, expressed or implied, is made. If you require further information, please contact Darrell Martindale, RRP Environmental Manager at (807) 707-3497.

Darrell Martindale
Environmental Manager
New Gold
Rainy River Project

End Page Photo:

Fox family in field, Aug 2014

Conclusion

This report has been prepared by New Gold Inc. Rainy River Project with the information available at the time of preparation, the assumptions, conditions and qualifications set forth and with generally accepted industry standards.

newgoldTM

