

OVERVIEW

New Gold Inc. is a Canadian-focused intermediate gold mining company committed to responsible mining with a portfolio of two core producing assets in Canada, the Rainy River gold mine and the New Afton copper-gold mine. The Company also operates the Cerro San Pedro Mine in Mexico (in reclamation).

Our corporate office is located in Toronto, Ontario.



OUR CORE VALUES

We are driven by our Core Values, which are:



Integrity

We do what is right



Creativity

We lead with innovation



People and Communities

We are committed to development



Teamwork

We collaborate to achieve success



Commitment

We deliver on promises

OUR MISSION

Our Mission is to be the leading intermediate gold producer, driving responsible and profitable mining in a way that creates sustainable and enduring value for our shareholders, our stakeholders and our environment.

We are:

- **Canadian-focused:** We are not exclusively Canadian, but Canadian-first
- **Diversified:** We operate multiple mines using multiple mining methods, producing gold, silver and copper
- **Values-driven:** We live our New Gold Values every day

We seek:

- **Premium valuation:** We design and execute against a free cash flow objective
- **Strong Indigenous partnerships:** We respect and acknowledge that, because of our partnerships with Indigenous nations, we have the licence to operate on sacred lands.

STAKEHOLDER ENGAGEMENT

As a Canadian-focused gold company, New Gold engages a range of stakeholder groups, including full-time and contract employees, local communities, Indigenous communities, government officials, shareholders and investors.

New Gold undertakes an extensive process of identifying stakeholders who may be affected by our operations, with a particular focus on vulnerable or under-represented groups. We encourage our stakeholders to identify others with whom the company should engage.

Our approach to stakeholder engagement varies among our worksites: the frequency and depth of outreach depends on local stakeholders' desire to engage with New Gold. We develop annual engagement plans at each operation in line with the Community Engagement and Development Management Standards, and review the plans twice a year through Management Reviews at each site.

Our stakeholder engagement process has led us to focus on such key topics as local employment, Indigenous relations and procurement. We believe in transparency when responding to concerns from local communities and address these concerns through consultation, relationship development, and formal grievance processes.

ASSETS

New Afton

New Afton began production in June 2012, with commercial production following in July of that year. The mine has a current projected life extending to 2030 based on the February 2020 life of mine plan and the current Mineral Reserves.

The mine occupies the site of the historic Afton Mine and includes an open pit, underground workings, support facilities, a concentrator and an active tailings facility. The New Afton deposit extends southwest beginning from directly beneath the Afton Mine open pit.

New Gold's holdings in the area include the Afton Group and the Ajax Group; the New Afton deposit lies within the Afton Group. The Afton Group consists of the 69 mineral claims included in a mining lease issued by the Ministry of Energy, Mines and Petroleum Resources on November 29, 2006 (the "Afton Mining Lease"). The total area of the Afton Mining Lease and all other claims is 17,058 hectares.

Rainy River

The Rainy River Mine is located 50 kilometres northwest of Fort Frances in Northwestern Ontario. Rainy River began processing ore in September 2017; with commercial production following in October of that year. Development of the underground mine began in the second half of 2018.

The mine occupies approximately 6,140 hectares and consists of 100 patented mining rights and surface rights claims (including nine leasehold interest mining rights and/or surface rights claims).

New Gold also has a land package of approximately 30,644 hectares surrounding the mine site, including patented mining rights and/or surface rights and unpatented claims.

Status: Production

Location: 10 km west of Kamloops, 350 km northeast of Vancouver

Ownership: 100% New Gold¹

Reserves²



Resources³



Status: Production

Location: 65 km northwest of Fort Frances in Northwestern Ontario

Ownership: 100% New Gold

Reserves²



Resources³



¹ 46% FCF interest owned by OTPP

² Proven and Probable Mineral Reserves as of December 31, 2020.

³ Measured and Indicated Resources are exclusive of Mineral Reserves (excludes Inferred Resources) as of December 31, 2020.

Cerro San Pedro

Cerro San Pedro started production in April 2007 and finished active mining in mid-2016, when it transitioned to residual leaching. Reclamation for the site commenced in December 2018.

Blackwater

New Gold has an 8 percent gold stream on the Artemis Gold Blackwater Project, located in British Columbia, Canada.



LOCATIONS

2020 AT-A-GLANCE

* All dollar amounts stated in USD unless otherwise noted.

FEBRUARY	MARCH	APRIL	JUNE	JULY	AUGUST	DECEMBER
<p>13 Announced updated Life of Mine plans for New Afton and Rainy River.</p> <p>25 Announced a \$300 million partnership with Ontario Teachers' Pension Plan (OTPP) at New Afton Mine.</p>	<p>20 Began a two-week suspension of operations at the Rainy River Mine following the guidance of the Canadian and Ontario governments with respect to the COVID-19 pandemic.</p> <p>31 Closed a \$300 million partnership with OTPP at New Afton Mine.</p>	<p>3 Restarted Rainy River Mine after a two-week suspension of operations; began systematic revamping of operations.</p>	<p>9 Divested Blackwater Project to Artemis Gold Inc. (Artemis Gold) for C\$210 million in cash and shares; retained exposure with 8% gold stream and 6% Equity Stake.</p> <p>24 Closed \$400 million in 7.5 percent. Issued \$400 million in Senior Notes, due 2027.</p>	<p>10 Completed redemption of outstanding \$400 million of 6.25 percent Senior Notes, due 2020.</p>	<p>24 Closed sale of the Blackwater Project to Artemis Gold.</p>	<p>24 Completed partial redemption of outstanding \$200 million of 6.375 percent Senior Notes, due 2025.</p>



▲ Aerial view of Blackwater Camp.

\$300 Million Partnership with OTPP

On March 31, 2020, New Gold entered into a strategic partnership with OTPP.

Under the terms of the strategic partnership, OTPP acquired a 46.0 percent free cash flow interest in the New Afton Mine, with an option to either convert the interest into a 46.0 percent joint venture interest in four years, or have their interest remain as a free cash flow interest at a reduced rate of 42.5 percent, in exchange for cash proceeds of \$300 million.

This partnership enables New Gold to retain full operating control over New Afton during the development of the C-Zone as the mine expands its operating mine life and gives the company a buyback option that provides the potential to re-acquire 100 percent of New Afton in the future.

MAJOR EVENTS

Sale of Blackwater Project to Artemis Gold

On June 9, 2020, New Gold announced the divestment of the Blackwater Project to Artemis Gold Inc. for a total C\$190 million (C\$140 million of initial cash payment and C\$50 million in cash payable on August 21, 2021) and common shares valued at \$20 million at announcement. The transaction closed on August 21, 2020.

New Gold retained a gold stream of 8 percent gold production and 6% equity interest retained from the Blackwater Project, which will reduce to 4 percent once approximately 280,000 ounces of gold have been delivered to New Gold.

\$210
million

8%
gold stream
+
6%
equity stake

46%
Free Cash Flow
interest

\$300
million

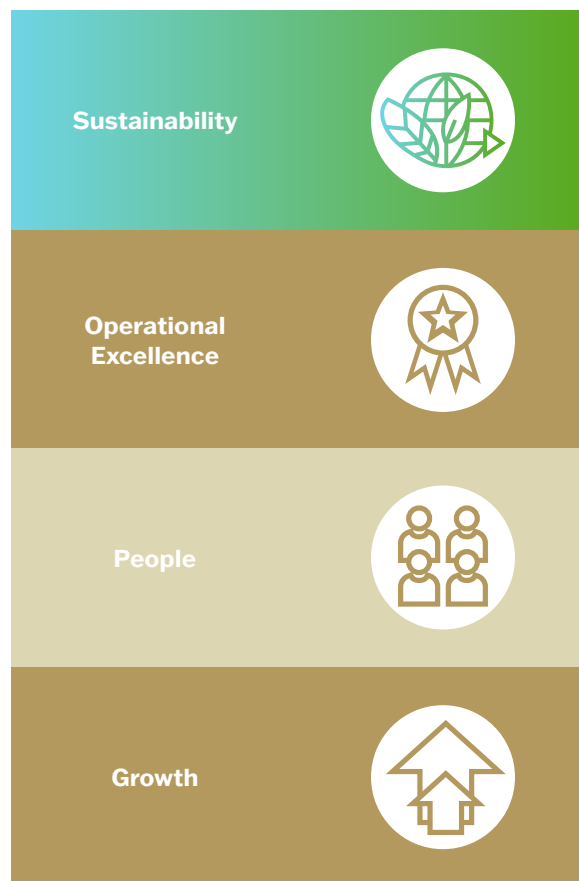


For more information, please see our
News Releases.



OUR STRATEGIC PILLARS

As we strive to fulfill our Mission, New Gold is guided by our Core Values and our four Strategic Pillars: Sustainability, Operating Excellence, People and Growth.



Sustainability

As the mining industry continues to change, it is more important than ever to be responsible neighbours, to create long-term value for community partners and to care for the environment.

We act and operate in ways that not only enhance our bottom line, but that deliberately and consciously build a better future for our employees, our stakeholders and our shareholders.

Our Sustainability Strategy is rooted in three Anchor areas: Environment, Indigenous Rights and Community Engagement.

Environment – By its nature, the mining industry affects the use and quality of water, air, and land, as well as biodiversity. Mining operations have an impact on the climate through greenhouse gas (GHG) emissions and energy use and can greatly affect these other areas.

As members of a responsible mining community, we have made significant commitments to managing our practices to ensure that we leave the environment in the same or better condition than when we began operations. This means setting GHG emission targets that align with or exceed international norms, creating strong biodiversity management plans, and strategically managing our water use.

Indigenous Rights – We strive to respect and honour the culture and traditions of the Indigenous People we partner with at each of our mine sites. This includes providing opportunities for employment, training and education, and supporting Reconciliation through internal policies and community engagement.

Mining brings opportunities for economic development to rural areas, and mining operations are often built on traditional lands of Indigenous communities. We understand that while our operations bring benefits to rural and Indigenous communities, they can also create or worsen negative impacts. At New Gold, we aim to lessen these negative impacts by giving back and investing in the rural and Indigenous communities in which we operate.

Community Engagement – Our stakeholders hold us accountable, and expect us to operate with their best interests in mind, and the best interests of generations to come after them. We do this by closely working with government partners, giving back to the community through our community investment program and understanding the priorities of the communities where we operate. Engagement is a two-way street that enables us to hear what our stakeholders want while also addressing concerns in a consistent and timely basis.

Companies around the world are looking to operate more sustainably. Mining is essential to today's technologies and modern society. We must continually re-examine how we assess our sustainability risks, and put forward the right management, governance and disclosures to ensure that New Gold is seen as a leader in sustainability.



Operational Excellence

Operational Excellence starts with our people having a common vision for New Gold – a personal sense of what success looks like for us. While there will always be obstacles to achieving that vision, we cultivate an environment that inspires the kind of curiosity, creativity and collaboration that will overcome them. By applying our knowledge, experience and enthusiasm for implementing new tools and procedures, we empower our people to tackle any challenge.

This spirit of continuous improvement and collaboration extends to our worksites, where we use meaningful Key Performance Indicators (KPIs) to track our progress and performance and learn how we can improve our processes. We constantly ask ourselves how we can achieve our targets sooner, more efficiently and cost-effectively – and in safer and more sustainable ways.

Advances in technology will allow us to develop keener insights that will lead to ongoing performance improvements in all aspects of our operations, including priority areas such as environmental stewardship and health and safety. We take personal ownership – as individuals and as a company – in understanding and adapting to information as it comes available, and to continually finding new and better ways to work.



People

The success of our company is built on the exceptional and diverse talent we have in our organization today, in the future talent we will attract to our business, and in the communities that support us. It is their collective knowledge, experience and enthusiasm that drives our success.

Our operating principles and Core Values come to life through our people. While having clear goals and effective strategies are critical, our vision is only achievable if we build it on the back of a diverse, inclusive and empowered workforce.

We are fully committed to investing in the development of our people, acknowledging and valuing their contributions to our success, and to encouraging them to share their ideas. We prioritize developing talent from within, and strive to provide a clear succession strategy at every level of our company. We believe these commitments will propel us towards the Operational Excellence we seek, and towards building a culture of leaders who will sustain our performance.

We are equally committed to fostering strong partnerships with Indigenous communities, whose support and well-being are critical to us becoming a strong, resilient company that can meet the ongoing challenges inherent in a mining business.



Growth

To support our vision to be a leading Canadian-focused intermediate gold producer, it is critical to dedicate significant resources to growing our business in sensible and sustainable ways.

We take a four-pronged approach to growth at New Gold:

1. Optimize our project pipeline of world-class assets in top-tier jurisdictions to support value accretive growth while focusing on industry-leading returns.
2. Growth through acquisition, always focusing on the full spectrum of assets within the mining cycle and ensuring efficient and seamless integration.
3. Growth through exploration, executing a strategy that will help us expand within and enhance our asset value.
4. Execute on project development by ensuring that major capital projects are brought online on time and on budget, utilizing efficient capital management processes to enhance our strategic decision making.

Pursuing these broad objectives will ensure that we continue to generate significant free cash flow, grow our resource base and maintain a strong operating portfolio with longer-term development prospects – all while improving key metrics on a per-share basis.

BEYOND OUR SUSTAINABILITY STRATEGY: Environmental, Social, and Governance (ESG) at New Gold

This Sustainability Report supports our four Strategic Pillars as we position ourselves to be a leading Canadian-focused intermediate gold company. It provides a transparent account of our goals, targets and performance against our Sustainability Strategy.

Beyond our Sustainability Strategy, New Gold also reports on the company's ESG performance, which appears in the company's annual ESG Report (available on our website). The concept of sustainability is embedded in our company, including our approach to ESG reporting.



For additional details, please see our [2020 ESG Report](#).

The following are highlights from our 2020 ESG reporting:

Health and Safety

Our 2020 Health and Safety performance is based on our scorecard which identifies Total Reportable Injury Frequency Rate (TRIFR). For 2020 our objective was to have a 25 percent reduction of our 2019 TRIFR. Our 2020 performance was 1.16; our 2020 objective was achieved (2019 TRIFR of 2.11).

Environmental

Our 2020 Environmental performance is based on our reportable environmental release incidents. For 2020, our objective was to reduce reportable environmental release incidents to fewer than nine; we have 10 environmental incidents, three of which were insignificant (minor incidents or contractor-related). With only seven reportable incidents, we met our 2020 goal.

Social

Our 2020 community engagement is based on the Mining Association of Canada's Towards Sustainable Mining protocols. For 2020, our objective was to achieve AA for all indicators. We achieved our 2020 objective with four indicators scoring AAA and four indicators scoring AA.

Economics*

In 2020, New Gold spent \$87,344,707 on local procurement and \$133,864,847 on Indigenous procurement for a total of \$220,209,554 in local and Indigenous procurement at our Rainy River and New Afton mine sites.

New Gold spent a total of \$706,856,980 on overall procurement at the Rainy River and New Afton mine sites.

1.2

Total Reportable Injury
Frequency Rate

7

Reportable Environmental
Release Incidents

8

Total Indicators
Scoring AA and Above

\$220⁺
million

Total Local and Indigenous
Procurement



AWARDS

New Afton received the Association of Energy Engineers Regional Innovative Energy Project of the Year – Canada Region.

After setting an annual energy savings objective, a major project to achieve those savings was postponed due to rescoping and re-establishment of the project. Searching for innovative ways to meet the goal despite the setback, New Afton launched a campaign to solicit ideas from employees. The company received 127 suggestions during the 20-week campaign; 40 were completed in 2020.

New Gold exceeded the initial energy savings target on the project by 135 percent; overall, the company exceeded its total annual energy objective by 107 percent.

In addition, New Afton received the John T. Ryan and Large Underground Mine Safety Award in recognition of its safety performance in 2020.

**Regional
Innovative Energy
Project of the Year –
Canada Region**
WINNER: NEW AFTON
Association of
Energy Engineers

**2020 Safety
Performance**
WINNER: NEW AFTON
John T. Ryan and
Large Underground Mine
Safety Award

MEMBERSHIP

New Gold is a proud member of the following associations:

- Mining Association of Canada (MAC)
- Ontario Mining Association (OMA)
- Mining Association of British Columbia (MABC)
- Prospectors and Developers Association of Canada (PDAC)
- International Women in Mining (IWIM)
- Canadian Dam Association (CDA)
- International Network for Acid Prevention (INAP)
- Canadian Industry Partnership for Energy Conservation (CIPEC) – New Afton and Rainy River

OUR SUSTAINABILITY REPORT IN CONTEXT

Our approach to Sustainability Reporting changed significantly in 2020 as we looked for better ways to capture New Gold's ongoing disclosure journey. For our 2020 report we have expanded our reporting framework beyond Global Reporting Initiative (GRI) and GRI Mining and Metals Disclosures to include the Sustainability Accounting Standards Board (SASB) Metals and Mining Standards (see below).

Our Sustainability Report continues to be based on a January to December calendar year.



Assurance

This Sustainability Report is currently subject to internal review; it is not externally assured, although we are considering this option for future reports. The process for seeking external assurance is outlined in the Community Engagement and Development Management Standard and is followed on an annual basis.



For questions regarding the report, contact us at sustainability@newgold.com.

GRI and SASB

Our 2020 Sustainability Report was prepared in accordance with the GRI Sustainability Reporting Standards (Core Option) and the G4 Mining and Metals Disclosures. We have also prepared our report in accordance with the SASB Metals and Mining Standards to allow for integration of sustainability accounting.

UN SDGs and TCFD

Our approach to Sustainability Reporting evolves as new and relevant standards and frameworks are introduced. This year, we mapped against the United Nations Sustainable Development Goals (UN SDGs) to better align ourselves with the global market and expand how we communicate our performance to stakeholders. We have also started the process of aligning our reporting with the Task Force on Climate-related Financial Disclosures (TCFD) for 2021.

Although we are a Canadian-focused company, we are committed to reporting on issues in a global context as they relate to the environment, social impacts and governance.

Materiality

In 2020, we conducted our first external materiality assessment in four years to better understand which topics and issues have the greatest material impact on and importance to stakeholders. These topics and issues will be monitored, assessed and reported on annually.

Each site participates in identifying material topics through discussion with stakeholders, continuous updating of risk registers, stakeholder maps, grievance registers and other consultation documents. This information is compiled at the corporate office and reviewed by senior management and Board of Directors' (the Board) Technical and Sustainability Committee.

The 10 most important issues identified in our materiality assessment include:

IDENTIFIED ISSUE	ASSESSMENT
Employee health and wellness	We work to cultivate a secure and healthy environment where employees receive the training and support to thrive and maintain a balance between work and private life.
Tailings management	Safe disposal of tailings is a critical consideration for stakeholders.
Occupational health and safety	Health and safety issues are top priorities to New Gold. This includes protecting employees and contractors, preventing incidents through planning and training, identifying potential hazards, and managing risks.
Corporate governance	We develop and implement appropriate governance practices at all levels of our organization.
Closure planning and reclamation	Recognizing that mineral deposits are a finite resource and that mining operations will eventually stop, we remain committed to responsible mine closure at all sites.
Community engagement	Earning the respect and trust of our host communities through thoughtful engagement and collaboration is of the utmost importance to New Gold.
Environmental compliance	We ensure that our operations comply with or exceed all relevant environmental laws and regulations.
Waste and effluents management	We follow best practices to protect the environment, managing waste and effluent discharges to mitigate environmental incidents.
Anti-corruption	We aim to avoid corruption in all of its forms through implementing our policies and procedures.
Human rights	We implement our Human Rights Policy to ensure that we meet our obligations throughout our operations and within our operating communities.