



New Gold's 2021

Task Force on Climate-related Financial Disclosures Report

newgold™



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* All dollar amounts stated in Canadian dollars, unless otherwise noted.

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New Gold Inc.
2021 TCFD Report

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ABOUT NEW GOLD


New Gold Inc. is a Canadian-focused intermediate gold mining company committed to responsible mining. New Gold has a portfolio of two core producing assets in Canada—the Rainy River gold mine and the New Afton copper-gold mine—as well as one site in reclamation, the Cerro San Pedro Mine in Mexico.

We believe that New Gold’s experience in Canada works to our advantage. We know the regulations, policies and permitting processes. We are actively involved in industry groups and informed on directional changes to the mining landscape. We are fortunate to have access to significant renewable power sources, such as hydroelectricity, to support low-carbon intensity mining.

Our Locations

New Afton


New Gold’s New Afton Mine is located approximately 10 kilometres (km) west of Kamloops, British Columbia (BC). 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 LOM Plan and the current Mineral Reserves. Lower production is expected for the period of 2021 to 2024, until the C-Zone begins production. The development of the C-Zone will continue to advance, with first ore expected in the second half of 2023.



New Afton Mine

Rainy River


New Gold’s Rainy River Mine is located approximately 50 km northwest of Fort Frances, Ontario. Rainy River began in September 2017, with commercial production following in October of that year. The LOM Plan, announced on March 31, 2022, projects the life of the Rainy River open pit mine to be completed in 2025 with a continuation of the underground mine until 2031 based on the current Mineral Reserves. New Gold is undertaking exploration efforts focusing on potentially extending the mine life. The mine currently operates as an open pit, and development of the underground was re-initiated in 2020 with the Intrepid zone. Development of the underground main zones below the pit will begin in the later part of 2023.



Rainy River Mine

Cerro San Pedro

New Gold’s Cerro San Pedro (CSP) Mine is located approximately 20 km northeast of San Luis Potosi, Mexico. CSP concluded active mining in 2016 and transitioned to reclamation in December 2018.



Learn more about our sites >

Cerro San Pedro Mine

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

New Gold Inc.'s ("New Gold" or the "Company") 2021 Task Force on Climate-related Financial Disclosures Report has been finalized as of May 19, 2022 and certain information contained in this report, including any information relating to New Gold's future financial or operating performance are "forward looking". All statements in this report, other than statements of historical fact, which address events, results, outcomes or developments that New Gold expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking statements in this report include, among others, statements with respect to: the impacts of climate change; New Gold's approach to tackling climate change and its 2022 focus areas; the Company's commitment to supporting the well-being of its communities and providing long-lasting value for all stakeholders; New Gold's advantages in operating in Canada; planned activities, undertakings and areas of focus at the Rainy River Mine and New Afton Mine and expectations of timing and costs associated therewith; expectations regarding production timing; advancement of the development of the C-Zone at New Afton; the potential to extend the commercial life of the Rainy River Mine; the anticipated LOM Plan for Rainy River and New Afton, as well as the intended mining approach and mining focus areas during such time; the steps the Company is taking to address climate change, and the continued refinement of the Company's approach to mitigating its carbon impact; Board and management oversight of climate-related risks and opportunities; the continued review of transition risks and financial implications related to climate change; the potential risks facing the Company, and the proposed mitigation measures as well as the sufficiency thereof; the Company's opportunities and strategy for climate risk reduction; anticipated impacts on New Gold's business strategy and proposed initiatives and opportunities for mitigation; the Company's risk management measures; New Gold 2030 GHG emissions reduction target and associated undertakings to attain such goal; and opportunities for further GHG emissions reduction and the planned disclosure of progress.

All forward-looking statements in this report are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond New Gold's ability to control or predict. Certain material assumptions regarding such forward-looking statements are discussed in this report, New Gold's most recent annual information form, annual and quarterly management's discussion and analysis and its technical reports filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). In addition to assumptions discussed in more detail elsewhere, the forward-looking statements in this report are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations; (2) political and legal developments in jurisdictions where New Gold operates, or may in the future operate, being consistent with New Gold's current expectations; (3) the accuracy of New Gold's current Mineral Reserve and Mineral Resource estimates and the grade of gold, copper and silver expected to be mined; (4) the exchange rate between the Canadian dollar and U.S. dollar, and to a lesser extent the Mexican peso, and commodity prices being approximately consistent with current levels and expectations for the purposes of 2022 guidance and otherwise; (5) prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (6) equipment, labour and material costs increasing on a basis consistent with New Gold's current expectations; (7) arrangements with First Nations and other Indigenous groups in respect of the Rainy River Mine and New Afton Mine being consistent with New Gold's current expectations; (8) all required permits, licenses and authorizations being obtained from the relevant governments and other relevant stakeholders within the expected timelines and the absence of material negative comments or obstacles during any applicable regulatory processes; (9) the results of the life of mine plans for the Rainy River Mine and the New Afton Mine described herein being realized; (10) there being no significant disruptions to the Company's workforce at either the Rainy River Mine or New Afton Mine due to cases of COVID-19 (including any required self-isolation due to cross-border travel, exposure to a case of COVID-19 or any other reason) or otherwise; (11) there being no material disruption to the Company's supply chains and workforce that would interfere with the Company's anticipated course of action at the New Afton Mine and Rainy River Mine; and (12) the long-term economic effects of the COVID-19 outbreak not having a material adverse impact on the Company's operations or liquidity position.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, without limitation: price volatility in the spot and forward markets for metals and other commodities; discrepancies between actual and estimated production, between actual and estimated costs, between actual and estimated Mineral Reserves and Mineral Resources and between actual and estimated metallurgical recoveries; equipment malfunction, failure or unavailability; accidents; risks related to early production at the Rainy River Mine, including failure of equipment, machinery, the process circuit or other processes to perform as designed or intended; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements of each jurisdiction in which New Gold operates, including, but not limited to: obtaining the necessary permits for the New Afton C-Zone; uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements, including those associated with the C-Zone permitting process; changes in project parameters as plans continue to be refined; changing costs, timelines and development schedules as it relates to construction; the Company not being able to complete its construction projects at the Rainy River Mine or the New Afton Mine on the anticipated timeline or at all; volatility in the market price of the Company's securities; changes in national and local government legislation in the countries in which New Gold does or may in the future carry on business; controls, regulations and political or economic developments in the countries in which New Gold does or may in the future carry on business; the Company's dependence on the Rainy River Mine and New Afton Mine; the Company not being able to complete its exploration drilling programs on the anticipated timeline or at all; disruptions to the Company's workforce at either the Rainy River Mine or the New Afton Mine, or both, due to cases of COVID-19 or any required self-isolation (due to cross-border travel, exposure to a case of COVID-19 or otherwise); the responses of the relevant governments to the COVID-19 outbreak not being sufficient to contain the impact of the COVID-19 outbreak; disruptions to the Company's supply chain and workforce due to the COVID-19 outbreak; an economic recession or downturn as a result of

the COVID-19 outbreak that materially adversely affects the Company's operations or liquidity position; there being further shutdowns at the Rainy River Mine or New Afton Mine; significant capital requirements and the availability and management of capital resources; additional funding requirements; diminishing quantities or grades of Mineral Reserves and Mineral Resources; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the Technical Reports for the Rainy River Mine and New Afton Mine; impairment; unexpected delays and costs inherent to consulting and accommodating rights of First Nations and other Indigenous groups; climate change, environmental risks and hazards and the Company's response thereto; tailings dam and structure failures; actual results of current exploration or reclamation activities; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States and, to a lesser extent, Mexico; global economic and financial conditions and any global or local natural events that may impede the economy or New Gold's ability to carry on business in the normal course; compliance with debt obligations and maintaining sufficient liquidity; taxation; fluctuation in treatment and refining charges; transportation and processing of unrefined products; rising costs or availability of labour, supplies, fuel and equipment; adequate infrastructure; relationships with communities, governments and other stakeholders; geotechnical instability and conditions; labour disputes; the uncertainties inherent in current and future legal challenges to which New Gold is or may become a party; defective title to mineral claims or property or contests over claims to mineral properties; competition; loss of, or inability to attract, key employees; use of derivative products and hedging transactions; counterparty risk and the performance of third party service providers; investment risks and uncertainty relating to the value of equity investments in public companies held by the Company from time to time; the adequacy of internal and disclosure controls; conflicts of interest; the lack of certainty with respect to foreign operations and legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law; the successful acquisitions and integration of business arrangements and realizing the intended benefits therefrom; and information systems security threats. In addition, there are risks and hazards associated with the business of mineral exploration, development, construction, operation and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding or drought and gold bullion losses (and, in each case, the risk of

inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in New Gold's most recent annual information form. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this report are qualified by these cautionary statements. New Gold expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

LETTER FROM OUR VICE PRESIDENT OF SUSTAINABILITY

Climate change is the biggest challenge of our time. Everywhere you turn people are speaking about climate, protesting government and industry over lack of climate action, and developing policies to protect our planet. We see targets of net zero by 2050 being set across the board, and the growing realization that we all need to do our part to slow climate change and save the planet for future generations.

In 2021, we released New Gold’s climate target of a 30% reduction in Scope 1 and 2 greenhouse gas (GHG) emissions by 2030 from a 2020 baseline. We recognize that, as a natural resource company, we have a responsibility to protect the environment around us and that includes taking measurable steps against climate impacts. We faced many climate-related challenges in 2021 with wildfires, flooding and drought impacting and otherwise disrupting local communities, stakeholders, our operations and our supply chain. We watched mother nature change over the year, presenting extreme weather events like we had never experienced before. It was another wake-up call for climate action.

As part of our climate journey, we had the objective of publishing our first Task Force on Climate-related Financial Disclosures (TCFD) Report in 2022. We worked internally to understand our baselines, review gaps against the TCFD, and identify our physical and transition climate risks. Throughout 2021, our management and site-based teams met on a regular basis to review climate initiatives and look for new opportunities to decrease our carbon footprint. Life of Mine (LOM) for New Afton and Rainy River extend to 2030 and 2031, respectively. Despite this time constraint, we are committed to doing what we can to review opportunities for greater electrification, biofuels and renewable energy use through LOM at both operations.

We also know that climate underpins all areas of sustainability and that the communities where we operate are impacted more than urban areas. Communities that already lack necessities like clean water, road infrastructure and community-based health care are acutely vulnerable to climate impacts. We need to listen to and understand all stakeholder voices, especially our Indigenous partners, who hold traditional knowledge in land and water stewardship. We need to incorporate these voices into climate plans and activities to ensure that communities are left more resilient to climate change than when we arrived.

With changes to global weather systems and more frequent weather events, we will see food supply decrease, watershed impacts and biodiversity loss. Full ecosystems could be wiped out at a rapid speed with no chance of recovery. Without meaningful action now, we will not be able to stop the irreversible impacts of climate change.

Throughout the following report, you will learn about what we are doing at New Gold to tackle climate change and the areas we will continue to focus on in 2022. We are committed to doing our part in meaningful ways that support the well-being of the communities where we operate and provide long-lasting value for all stakeholders.



A handwritten signature in cursive script that reads "Beth Borody".

Beth Borody
Vice President, Sustainability



ABOUT NEW GOLD

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We believe that New Gold's experience in Canada works to our advantage. We know the regulations, policies and permitting processes. We are actively involved in industry groups and informed on directional changes to the mining landscape. We are fortunate to have access to significant renewable power sources, such as hydroelectricity, to support low-carbon intensity mining.

Our Locations

New Afton

New Gold's New Afton Mine is located approximately 10 kilometres (km) west of Kamloops, British Columbia (BC). 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 LOM Plan and the current Mineral Reserves. Lower production is expected for the period of 2021 to 2024, until the C-Zone begins production. The development of the C-Zone will continue to advance, with first ore expected in the second half of 2023.

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 [Learn more about our sites >](#)



New Afton Mine



Rainy River Mine



Cerro San Pedro Mine

ABOUT OUR TCFD REPORT

New Gold’s inaugural TCFD Report is a culmination of our progress in climate action over the last year.

Using our existing public disclosure as a basis, we have prepared this TCFD Report to align with the TCFD recommendations.

We are proud of the work we have accomplished and we know there is still a long way to go. We will continue to refine our approach to mitigate our carbon impact and position New Gold for a low-carbon future.

TIMELINE	MILESTONE
● May 2021	Released our 2030 Sustainability Strategy, which includes our commitment to climate action.
● June 2021	Reviewed historical Scope 1 and 2 GHG emissions data to determine our 2020 ¹ baselines and identified an action plan for complying with TCFD recommendations.
● July 2021	Completed a TCFD gap analysis with a third-party consultant.
● September 2021	Finalized an internal roadmap for our carbon reduction plan.
● October 2021	Identified and incorporated New Gold’s climate risks into the corporate risk register.
● November 2021	Undertook a climate risk assessment using scenario analysis with a third-party consultant, which validated the risks previously identified and incorporated into the corporate risk register.
● April 2022	Developed site-based climate action plans.
● June 2022	Launched our inaugural TCFD Report.

¹ New Afton has been consistently tracking Scope 1 and 2 GHG emissions. Rainy River began tracking Scope 1 and 2 GHG emissions in 2019, with additions to support more comprehensive tracking in 2020 and 2021, such as including additional process and waste emissions. Our Company reduction target baseline year is 2020, at which time both operating sites were consistently tracking GHG emissions comprehensively.



Governance

IN THIS SECTION

Board Oversight

Management of Climate-related
Risks and Opportunities

Recommended Disclosures

- a) Describe the Board’s oversight of climate-related risks and opportunities.
- b) Describe management’s role in assessing and managing climate-related risks and opportunities.



BOARD OVERSIGHT

New Gold’s Board of Directors (the Board) promotes a culture of integrity, ethical leadership, diversity, inclusion and sustainability within the business. The Board oversees New Gold’s corporate strategy and its strategy and practices, encompassing all matters relating to sustainability.

The Board is responsible for the overall stewardship and business conduct at New Gold and the oversight of management activities. This responsibility is discharged both directly and by the delegation of certain authority to committees of the Board and to management of the Company.

The Board holds the following responsibilities related to climate:

- overseeing the identification and assessment of the principal risks associated with New Gold’s business operations
- ensuring balance between risks accepted and potential return to shareholders
- ensuring appropriate systems are in place to monitor and manage identified risks, with a particular focus on the long-term viability of the Company
- ensuring public disclosure of material business risks in accordance with applicable laws

The Board reviews materials related to sustainability matters quarterly for updates and to identify material risks.

The Board has four standing committees, which are described in detail (see chart to the right). Notably, the Technical and Sustainability Committee of the Board has oversight of climate-related risks and provides guidance on strategy, major plans of action and management policies. The Audit Committee reviews all budget and disclosure requirements related to climate activities.

COMMITTEE	ROLE
Technical and Sustainability Committee	Assists the Board in fulfilling its oversight responsibilities with respect to major technical and operational matters and the Company’s Sustainability Strategy and objectives, including: <ul style="list-style-type: none">• reviewing and monitoring the policies and activities of the Company as they relate to operations and production;• overseeing exploration activities and mineral reserve and resource estimates; and• overseeing the Company’s Sustainability Strategy and objectives, including health, safety, the environment, and relations with communities and Indigenous peoples.
Audit Committee	Assists the Board in fulfilling its oversight responsibilities with respect to accounting, auditing, financial reporting and internal control processes by, among other things: <ul style="list-style-type: none">• ensuring the integrity of the financial statements and financial reporting of the Company;• overseeing compliance with related legal and regulatory requirements;• ensuring the overall adequacy and maintenance of the systems of internal controls and disclosure controls and procedures that management has established; and• maintaining overall responsibility for the Company’s external and internal audit processes, including the external auditor’s qualifications, independence and performance.
Corporate Governance and Nominating Committee	Assists the Board in fulfilling its oversight responsibilities with respect to corporate governance matters, including: <ul style="list-style-type: none">• providing a focus on corporate governance that will enhance corporate performance and the long term viability of the Company;• assisting the Company in carrying out its corporate governance responsibilities under applicable laws and stock exchange requirements;• establishing criteria for Board and committee membership, making recommendations with respect to the composition of the Board and its committees and, as circumstances arise, assessing director performance;• assisting the Board in its overall oversight of the adequacy and effectiveness of the Company’s enterprise risk management framework and program; and• establishing a process for the identification, selection and nomination of new directors when vacancies arise.
HR and Compensation Committee	Assists the Board in fulfilling its oversight responsibilities with respect to human capital, HR and compensation matters, including: <ul style="list-style-type: none">• establishing and monitoring guidelines and practices with respect to compensation and benefits provided by the Company to its employees;• overseeing the Company’s equity-linked compensation plans for employees;• ensuring the human resources strategy supports execution of the Company’s strategic plan; and• monitoring the Company’s significant policies, programs and practices related to human resources, including recruitment, training, development, career planning, performance management, succession planning and corporate culture.

MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

To make the most of our efforts and foster a climate-conscious culture, various functions are responsible for monitoring and managing climate matters that influence our strategy and operations.

Our Sustainability Team, led by our Vice President of Sustainability, holds primary responsibility for setting the strategy as it relates to assessing and managing climate-related risks and opportunities, working across functions to support implementation of such strategy, and reporting on the progress of the strategy.

Our Technical Services and Operations Team, led by our Senior Vice President (SVP) Operations, works closely with the Sustainability Team to integrate the climate strategy into site plans.

Additional roles and responsibilities that support New Gold’s climate efforts include

President and Chief Executive Officer
– accountable for sustainability performance and priorities; reports to the Board

Chief Financial Officer
– accountable for company-wide risk management and finance; reports to the Board on financial disclosures

Technical and Sustainability Committee Chair
– responsible for reviewing the strategic approach and targets of the Climate Action Strategy and ensuring Board alignment

Chief Operating Officer
– responsible for operationalizing climate action plans, inclusive of GHG emissions and energy

Vice President, Sustainability and Corporate Sustainability Team
– responsible for Sustainability Strategy development, supporting sites with emissions management, energy and goal/target setting, setting the Climate Action Strategy, reporting and reviewing trends and external expectations

Climate Steering Committee
– responsible for reviewing and assessing reduction opportunities and making suggestions to senior management

Site General Managers
– responsible for site-based activities and regulatory requirements, including energy and GHG emissions tracking and initiatives to meet goals/targets

In support of our climate strategy, both Rainy River and New Afton developed site-specific climate action plans. Each plan outlines significant climate risks, reduction opportunities, including feasibility and timelines, applicable regulations and key performance indicators.



In early 2022, we formalized our new Climate Steering Committee with representation from Corporate Head Office and both operating sites. The Climate Steering Committee is responsible for reviewing and assessing reduction opportunities and making suggestions to senior management.

We have finalized site-based climate action plans for New Afton and Rainy River. These plans include identified site-level climate risks, mitigation and adaptation strategies, and an overview of jurisdictional regulations relating to climate activities. General Managers are responsible for each plan including tracking progress against goals for their specific sites.

Our Site Working Groups support implementation and work together to identify opportunities for progress. Led by a Climate Specialist, the Site Working Groups bring a holistic approach to climate action and focus on risks and opportunities specific to each site.



Strategy

IN THIS SECTION

Climate Scenarios

Key Climate Risks

Opportunities for Risk Reduction

Impacts on Business Strategy

Recommended Disclosures

- a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.
- b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.
- c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

CLIMATE ACTION STRATEGY

In 2021, we released a target to reduce our Scope 1 and 2 GHG emissions by 30% by 2030 from a 2020 baseline.

How will we achieve 30% reduction by 2030?

Key Drivers

Throughout the past year, we worked to understand our baselines, opportunities for reduction and how our current LOM activities impact our reduction target. We know that Rainy River contributes over 80% of our Scope 1 and 2 GHG emissions for the Company, and that we have significant opportunities at Rainy River to implement reduction projects. Rainy River operates as an open pit mine, heavily dependent on diesel fuel. In 2025, Rainy River will transition to underground mining for the remaining LOM, which will greatly decrease our Scope 1 and 2 GHG emissions, helping to allow us to achieve our reduction target.

30% Reduction and Beyond

We want to look beyond this 30% reduction target and evaluate opportunities related to greater electrification of our fleets at New Afton and Rainy River. Greater electrification would include considering biofuel options and assessing the feasibility of larger projects like trolley-systems, carbon capture and use of hydrogen. As we continue to explore new options and technologies, we aim to continually report against and update our strategy to reflect our findings.

2022-2023 Short Term	2024-2026 Medium Term	2026-2031 Long Term
<ul style="list-style-type: none">Assess new technologies and opportunities for greater electrification and biofuel use for Rainy River Mine and New Afton MineContinue implementation of electric vehicle program at New Afton MineDetermine feasibility of identified opportunities at Rainy River MineContinue aligning to the TCFD recommendations by aligning financial implications with climate opportunitiesComplete Scope 3 GHG emissions mapping	<ul style="list-style-type: none">Include climate related KPIs in Executive CompensationAchieve full alignment with TCFD recommendationsReview opportunity to increase 30% reduction target by 2030Continue to improve mitigation and adaption response to climate risksIdentify Scope 3 GHG emission reduction opportunities	<ul style="list-style-type: none">Exceed 30% reduction by 2030 by implementing additional reduction opportunitiesImplement opportunities for Scope 3 reductions for further overall GHG emission reduction by 2030



CLIMATE SCENARIOS

In 2021, we engaged a third-party consultant to explore physical and transition risks associated with different climate scenarios. This involved reviewing opportunities for mitigation and adaptation and identifying areas that require additional analysis.

We started with the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) climate scenarios. NGFS scenarios provide a common reference point for understanding how climate change, policy and technology trends could evolve in different futures. Our selected scenarios show a range of higher- and lower-risk outcomes.

Various tools were used to assess physical and transition risk datasets. The analysis showed us how energy systems and land use would shift in response to different levels of climate policy and technology trends. It also highlighted the severity of climate change impacts for different levels of warming in relation to time and location.

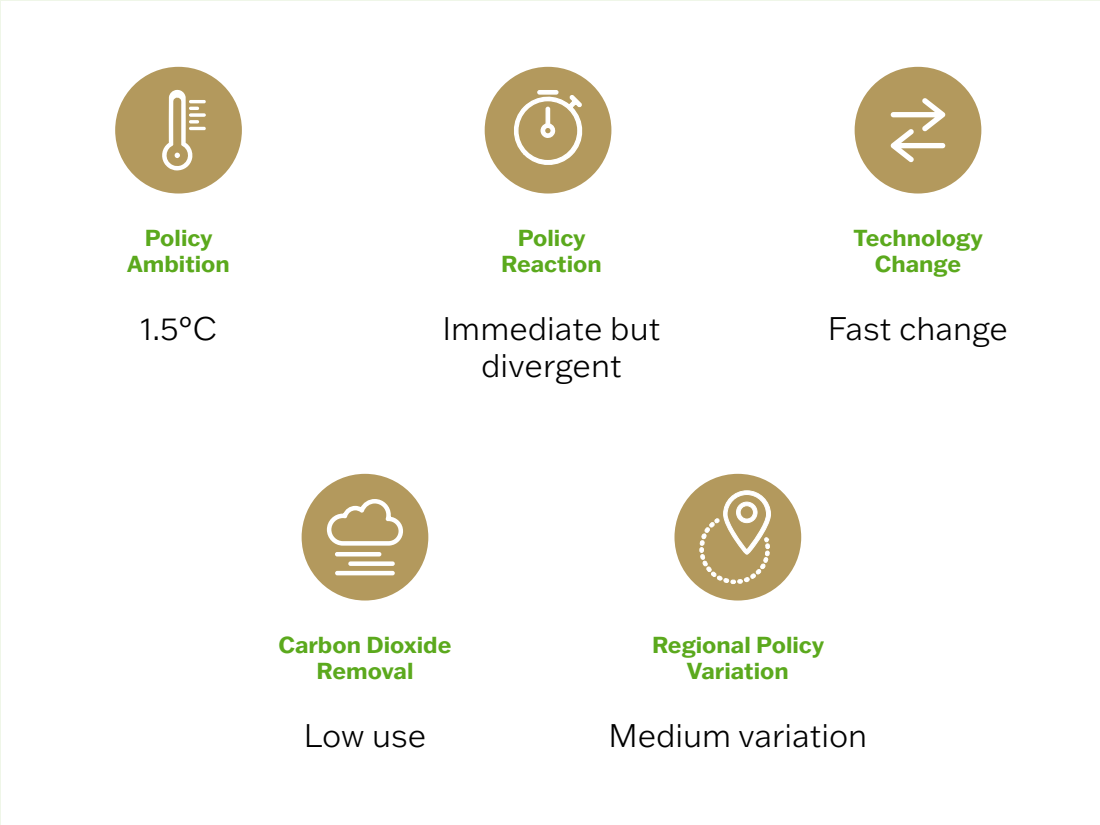
Here we briefly describe the two scenarios used in our analysis and the potential impacts on our business.

Scenario 1

Divergent Net Zero

Our first scenario, Divergent Net Zero, reaches net zero by 2050. This scenario involves higher costs due to divergent policies introduced across sectors and a quicker phase out of fossil fuels. The scenario assumes that climate policies are more stringent in the transportation and building sectors, mimicking a situation where the failure to coordinate policy across sectors results in a high burden on consumers. Decarbonization of energy supply and industry is less stringent.

In this scenario transition risks are high with relatively low physical risks.

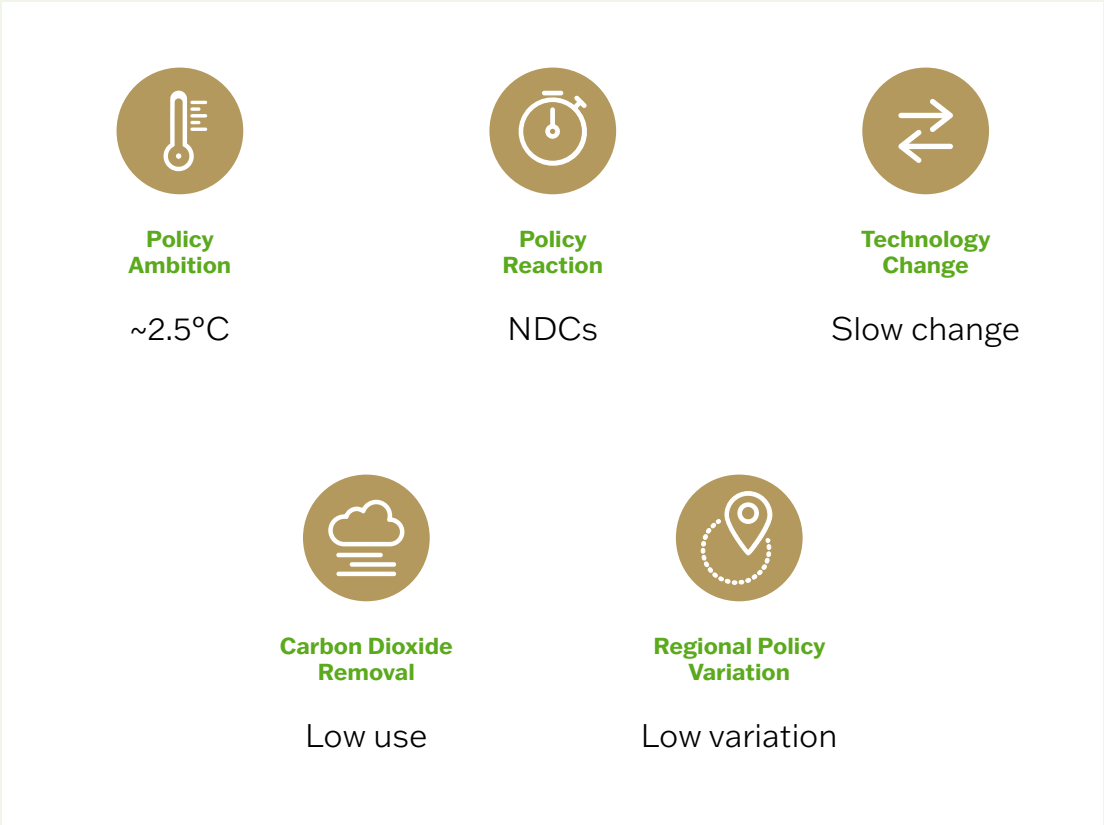


Scenario 2

Nationally Determined Contributions

Our second scenario, Nationally Determined Contributions (NDCs), sees emissions decline after 2040 but results in about 2.5°C of warming by 2100. This scenario assumes that the moderate and variable climate ambition reflected in the NDCs of early 2021 continues.

In this scenario transition risks are relatively low with severe physical risks.



CLIMATE SCENARIOS CONTINUED

In 2022 and beyond, we will continue to review transition risks and financial implications through scenario analysis. This process will further our understanding of short-, medium- and long-term risks that could impact our business, particularly as it relates to new developments or acquisitions.

Changes in climate conditions, as identified by our two scenarios, may adversely affect New Gold in many ways. Extreme temperatures, energy disruptions, altered precipitation levels and other weather events could directly impact operations. Additionally, changes to laws and regulations, including disclosure requirements, and changes in the price or availability of goods and services required by our business could impact the Company.

As part of our scenario analyses, we identified key climate risks for New Gold’s business that were common between both scenarios.

For more information on key climate-related risks and additional risks related to the Company, please refer to the risk factors identified in New Gold’s most recent annual information form available on SEDAR at www.sedar.com.



KEY CLIMATE RISKS

Policy and Legal

Regulatory, Legislative, Permitting and Licensing Requirements

Many governments and stakeholders are seeking enhanced disclosure and moving to enact climate change legislation and treaties at the international, national, state, provincial and local levels. New Gold monitors the regulatory landscape and maintains relationships with regulators to keep abreast of changes. New Gold is subject to environmental regulation in Canada and Mexico where we have sites that are operating and in reclamation, respectively.

Where legislation already exists, regulations relating to GHG emissions and energy efficiency are becoming more stringent. Some costs associated with meeting these regulations can be offset by increased energy efficiency and technological innovation. However, if trends continue we expect increased costs to meet the new regulations.

The shifting regulatory landscape may influence the timing and scrutiny of permitting approvals for developments and operations with a higher-carbon footprint. As a result, we may experience higher capital and operating costs to meet permit requirements and manage amendments to legislation.

To mitigate risks, the Sustainability Team reviews new and upcoming policy changes at the federal and provincial levels. Site-based teams also monitor all regulatory requirements and changes applicable to their operations.

Market

Evolving Workforce and Market Preferences

Stakeholders are placing increasing importance on climate transparency and accountability. As a result, carbon-intensive industries may experience reputational impacts or financial penalties for failing to meet requirements. Insufficient climate action can also impact talent attraction and retention and lead to loss of market share and/or negative publicity.

Climate change may impact the price and availability of goods and services required for New Gold’s operations. To operate efficiently, New Gold requires a regular supply of consumables such as diesel, electricity and sodium cyanide. Operations also depend on service providers to transport these consumables and other goods to site and to transport doré and concentrate produced by New Gold to refiners, smelters and other customers. The effects of extreme weather events and changes in the regulatory landscape of New Gold’s suppliers and their industries may result in limited availability or higher prices. In turn, New Gold could experience production disruptions or higher costs for these goods and services.

The Sustainability Team and Finance Team review opportunities to include climate-specific metrics in applications and to meet frameworks and other requirements published by financial institutions.

Technology

Technology Shifts

The uncertain nature of future technologies to support a decarbonized economy, including timeline, level of disruption, regulatory requirements and associated costs all present risks to New Gold. These risks include additional financial costs, inability to meet stakeholder expectations and the resulting reputational impacts. New technology presents an opportunity to strengthen competitive advantage, improve efficiencies and build new relationships, but timely adoption is key to realizing such opportunities.

For example, the shift to electrification presents both risks and opportunities whereby electrification may increase the demand for our products in the short and medium term or require additional costs, disrupt current operations and/or alter the regulatory landscape.

As a mitigation measure, the Sustainability Team and Operations Team are reviewing opportunities for electrification and the adoption of other technologies that support our short-term transition from diesel fuel, while being mindful of the LOM of each operation.

Energy

Energy Disruptions

Energy disruptions may affect New Gold’s operations, including the ability to operate essential machinery, technology and other equipment. In turn, New Gold could experience production interruptions and other negative impacts. When considering the impact to surrounding areas, energy disruptions could cause area-wide blackouts

and brownouts, making it difficult for employees working remotely to continue their work. Multiple IT backup systems in different locations may also be required to create redundancy in the event of widespread power outages, representing a potential increase in costs.

Fuel

Reliance on Diesel

Transitioning away from diesel-powered vehicles and equipment and integrating new technology can be costly, especially for operations that are

nearing the end of the mine lifecycle. Our current operations rely on diesel to power vehicles and equipment. Increases in the price of diesel due to fossil fuel regulations, carbon tax and the transition from diesel-powered vehicles and equipment all present a risk of increased operating costs and reduced profitability.

Currently, New Gold reviews carbon tax modeling with new projects and assesses the potential GHG impacts of those projects on carbon tax projections. New Gold continues to review opportunities to decrease reliance on diesel use for LOM.

Reducing diesel-related emissions can be accomplished through the following mix of strategies:

- optimizing logistics, such as through local suppliers to minimize distances traveled, improving routing efficiency at the mine and developing intermodal opportunities
- transitioning to vehicles that use low- or no-carbon energy sources (electric vehicles, biodiesel and biogas from sustainable sources) and seeking opportunities to use lower-carbon fuel in existing vehicles
- electrification of equipment and building utilities to eliminate the need for diesel in stationary activities



KEY CLIMATE RISKS CONTINUED

Physical

Operation Distribution and Supply Chain Disruptions

New Gold’s operations, product distribution and supply chain may be exposed to weather-related impacts of climate change (see chart to the right).

Extreme temperatures may impact the operation of equipment and the safety of employees at New Gold’s sites, resulting in damage to equipment, injury to employees and production disruptions, among other impacts. Temperatures may also impact the surrounding communities, leading to more difficult living conditions and potential labour disruptions.

Low precipitation levels may impact the availability of water at mine sites—a critical resource for the operation of mills. This could result in production disruptions and an increased risk of forest fires. Forest fires have occurred in proximity to the New Afton Mine in recent years, causing production disruptions or damage to infrastructure. High

precipitation levels may also challenge our ability to hold, treat and discharge water as required. In the surrounding areas, increases in precipitation levels could lead to several day-to-day challenges and cause transportation delays and other disruptions.

Extreme weather events, such as forest fires, storms or floods, may be more probable and severe due to climate change. These events can impact operations, disrupt production, increase costs and damage site infrastructure. They can also cause community evacuations, temporary labour shortages, and delays in receiving critical supplies and shipping finished products. As a result, New Gold may not be able to meet customer demands and may see unplanned cost increases.

Significant capital investment may be required to address these occurrences and adapt to changes in average operating conditions. New Gold may also need to allocate more time and money to health and safety training and emergency response planning to ensure employees are adequately prepared for extreme weather events.

To account for the risk of disruption, the Sustainability Team is currently leading climate adaptation and climate action planning across operating sites and our Corporate Head Office. We regularly review risks and look for ways to improve our approach to managing climate impacts.

Weather-related Impacts of Climate Change



Weather Events

- Longer and more severe droughts
- More intense and frequent flooding cycles
- Longer and more intense heat waves



Primary Disruptions

- Temporary shutdowns and other production disruptions
- Physical damage to facilities, equipment and employees’ homes



Secondary Disruptions

- Community evacuations
- Labour shortages
- Delays in receiving critical supplies and shipping unrefined products



OPPORTUNITIES FOR RISK REDUCTION

Through our scenario analysis process, we identified two strategies for climate risk reduction—mitigation and adaptation—the former being the priority. In 2022, we will continue to deepen our understanding for risk reduction by reviewing the financial implications of each opportunity.

OPPORTUNITY	DESCRIPTION
Mitigation	
Shift energy sources	Seeking ways to further adopt renewable energy and increase the electrification of our fleets could reduce our environmental impact and mitigate financial impacts from delayed adoption.
Integrate targets into business planning	Integrating emission reduction targets into all business planning and personnel processes could mitigate the impact of climate-related risks on our business strategy.
Evaluate value chain	Evaluating our value chain/Scope 3 GHG emissions can help us understand and optimize emission reduction opportunities.
Adaptation	
Adapt plans, policies and programs	Integrating climate adaptation into mine design and operations as well as HR, health and safety, and social programs helps to ensure operational resilience and the protection of company assets, and our employees and communities.
Weatherize sites	Weatherizing mine sites to increase resistance to extreme weather events could improve our ability to recover after climate-related events.

IMPACTS ON BUSINESS STRATEGY

As part of our scenario analysis, we identified the following four potential climate impacts on New Gold's business strategy:

- **LOM planning:** Our current mine lifecycles could protect us against the worst impacts if sites move into closure and reclamation before extreme changes to the climate take place. However, we know that the climate is rapidly changing the areas we operate in and recognize the need for climate action that considers the LOM. As a result, we continue to build and assess our mitigation and adaptation strategies. If climate risks occur sooner than expected, the impacts may be more significant, affecting key transitions in LOM planning.
- **surface and underground mining:** While currently more carbon intensive, surface mining may become comparable with underground mining operations due to technology developments. With our current LOM plans, both of our operating assets will fully transition to underground mining by 2025, minimizing diesel-intensive operations.
- **rethinking employee well-being and success:** As people are central to New Gold's business strategy, in unpredictable and potentially difficult working conditions, ensuring the well-being and success of employees is critical. Key steps will include accommodating additional time off, preparing for natural disasters and increasing local community support during crises. We continue to assess the value of electric vehicles on noise and air quality, particularly in our underground operations.
- **strengthening extreme weather readiness:** With the increasing frequency and severity of natural disasters, New Gold requires greater investment—time, budget and planning—to improve sites' readiness against extreme weather events.

Given our operating sites' LOM, a net-zero target for 2050 is not feasible at this time; however, there is an important opportunity to incorporate net-zero considerations into future exploration, development or business acquisitions. This includes accounting for LOM in all planning decisions to ensure net-zero targets are aligned with carbon reduction timelines.

In 2021, we began developing a roadmap to understand where we are, where we need to be and the actions required to get us there. We will continue to evaluate the resilience of our strategy and the associated impacts on financial performance, where possible.

Looking Ahead

While we have identified our climate-related risks and opportunities, we will continue to investigate the following areas to deepen our understanding of impacts and prioritize risk reduction efforts:

- **technology and innovation** – the uptake of and expectations related to technologies, such as hydrogen power
- **engagement with Indigenous communities** – the need to consider cultural and traditional knowledge and apply it to climate risk management and planning
- **financial integration** – the need for climate-focused due diligence to ensure financially smart decisions about new operations and developments, and deepen our understanding of the financial impacts of climate-related risks



Risk Management

IN THIS SECTION

Identifying, Assessing and Managing
Climate-related Risks

Recommended Disclosures

- a) Describe the organization’s processes for identifying and assessing climate-related risks.
- b) Describe the organization’s processes for managing climate-related risks.
- c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.



IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS

Risk identification and monitoring activities at the site level play a key role in informing senior leadership about climate-related issues.

The Board has responsibility for identifying and understanding the principal risks of the Company's business. Performance of this obligation is supplemented by the Board's standing committees, each of which has oversight over the risks related to its mandate and are comprised solely of independent members. Top risks in the Company's enterprise risk management (ERM) program are presented to the Board on a quarterly basis. In addition, the Corporate Governance and Nominating Committee reviews and reports to the Board on the overall adequacy and effectiveness of the Company's ERM framework and program, including management's programs and processes for identifying, assessing, managing and disclosing identified risks relating to the Company's business, at least once per year.

New Gold maintains an ERM program aimed at actively identifying, assessing and mitigating the Company's top risks. Each operating mine has a risk committee that is responsible for maintaining a risk register for the site. Senior management also comprises a corporate risk committee that maintains a corporate risk register. The corporate risk committee also reviews the site risk registers and discusses top risks bi-weekly. Each risk register assesses both the likelihood of a risk and the potential consequences and also identifies mitigation actions.

The site and corporate risk committees meet at least once each quarter to assess any changes to the likelihood, consequences or mitigation actions. for each risk. Top risks are identified through this process and reported to the Board on a quarterly basis, together with a discussion of strategic opportunities and issues. The Corporate Governance and Nominating Committee reviews the ERM program once per year as well.

In 2021, New Gold reviewed its ERM program to ensure inclusion of sustainability risks. New Gold assesses sustainability risks, including risks relating to climate change, as part of this ERM program.

In 2021, New Gold incorporated the climate-related risks identified through our scenario analysis into the ERM risk register.



Metrics and Targets

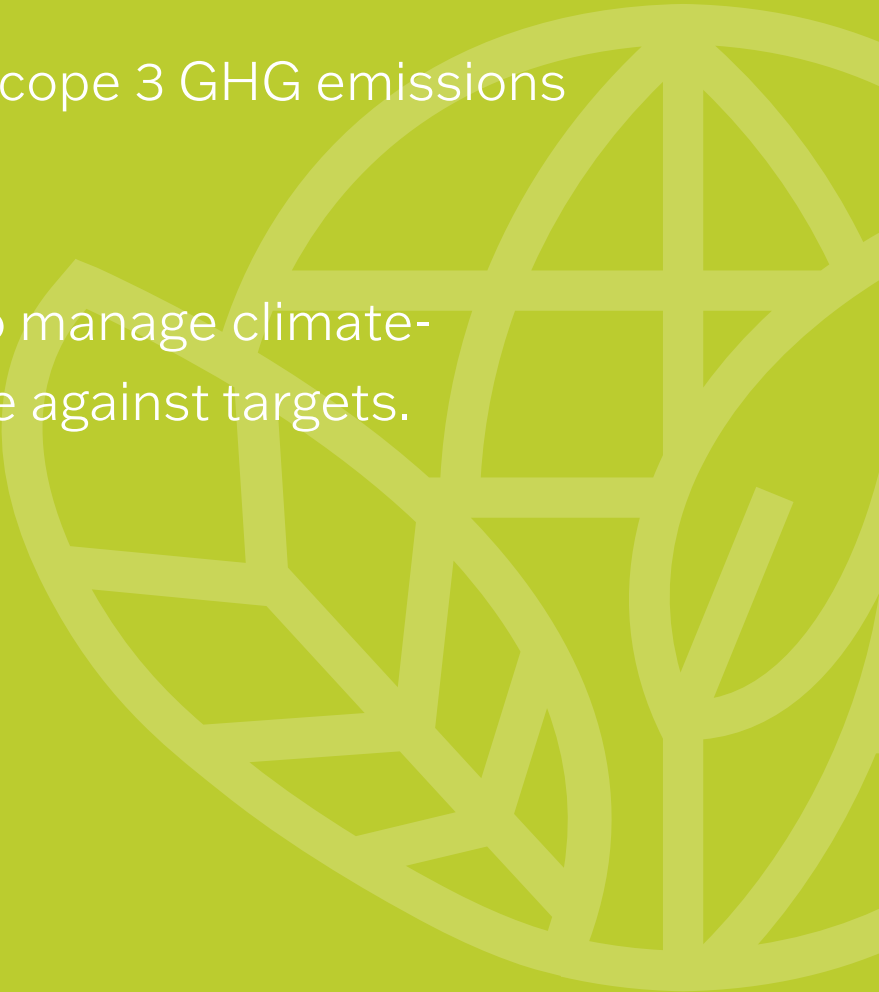
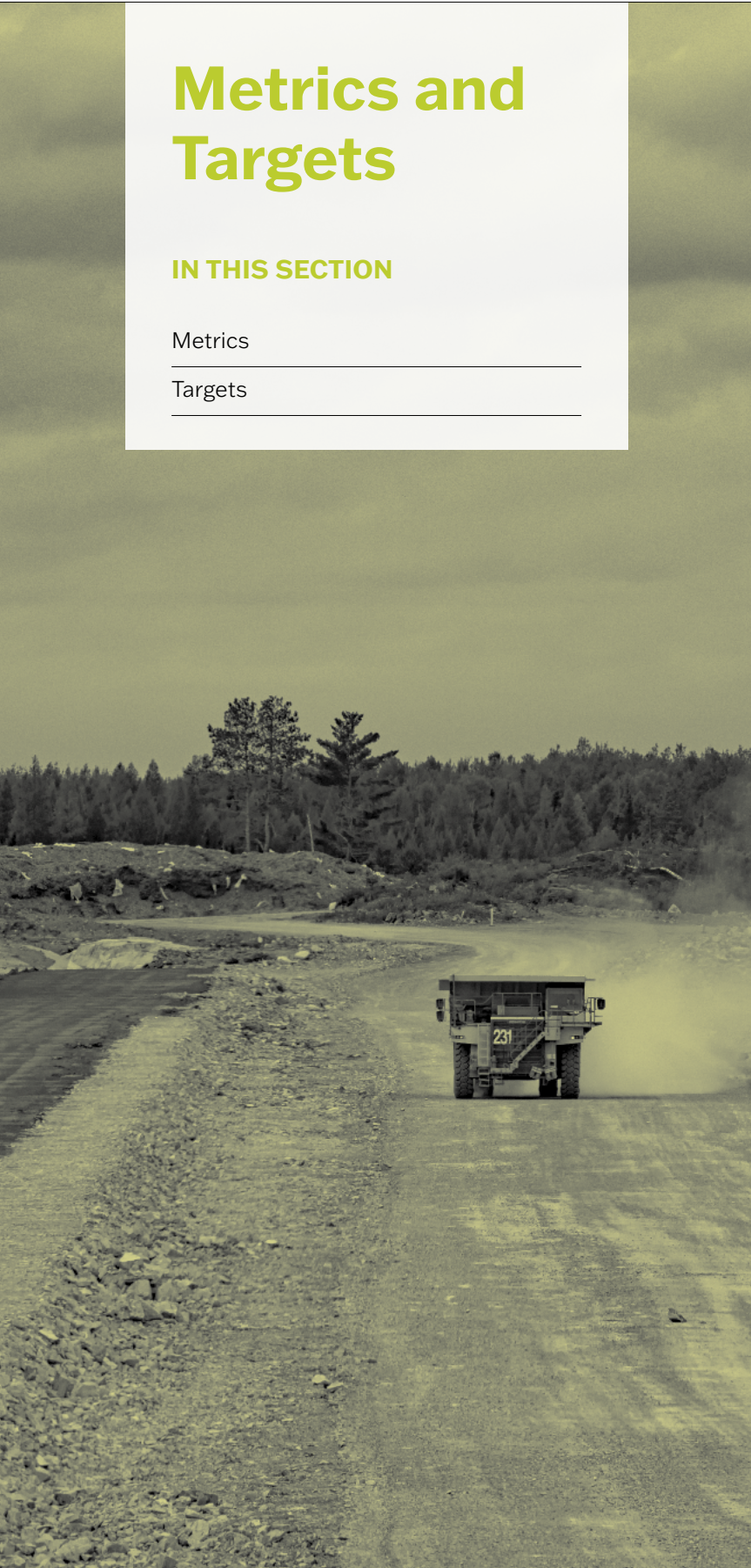
IN THIS SECTION

Metrics

Targets

Recommended Disclosures

- a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.
- c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



METRICS

In 2020, we began a comprehensive assessment of Scope 1 and 2 GHG emissions at New Afton and Rainy River. The results showed that most of our carbon footprint stems from diesel use, primarily from mobile sources. Electricity is our second highest GHG emissions-generating activity, followed by natural gas, gasoline, propane and explosives, which collectively contribute to a small portion of our footprint.

New Gold tracks Scope 1 and 2 GHG emissions, GHG emissions intensity, and energy consumption to better understand our exposure to climate-related risks and opportunities. New Afton has been consistently tracking Scope 1 and 2 GHG emissions. Rainy River began tracking Scope 1 and 2 GHG emissions in 2019, with additions to support more comprehensive tracking in 2020 and 2021, such as including additional process and waste emissions. Our Company reduction target baseline year is 2020, at which time both operating sites were consistently tracking GHG emissions comprehensively. In early 2022, we identified and mapped Scope 3 GHG emissions sources for our Corporate Head Office and plan to map the remainder of our value chain through the rest of the year. This mapping is an important exercise toward meeting our 2030 reduction target. We are conducting this exercise in alignment with the Science Based Targets initiative and GHG Protocols technical guidance. This initiative presents an opportunity to identify further GHG reduction opportunities, partner with suppliers and contractors with similar sustainability standards and goals, and improve overall transparency. We plan to disclose our progress in future reports.

By understanding our current GHG landscape we are better prepared to drive progress and face future challenges. GHG emissions tracking provides key insights into our capacity to respond and adapt to regulatory or industry mechanisms designed to limit climate change. In addition, we set an internal carbon price across the Company to prepare for transition risks.

Carbon tax is projected to increase to over \$140/tCO₂e through our LOM. This is a significant financial consideration and motivation for carbon reduction efforts looking forward.


Internal Carbon Prices (\$/tCO₂e)



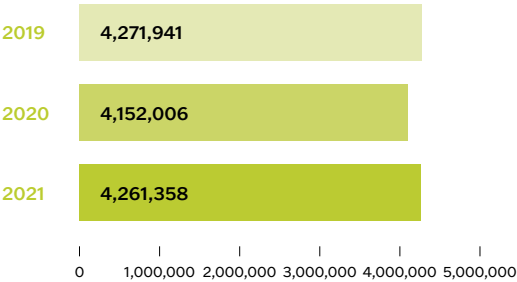
METRICS CONTINUED

Energy and GHG Emissions Tracking

In 2021, our Company-wide energy consumption and total GHG emissions remained relatively consistent with the last two years. New Afton experienced a reduction in its Scope 1 GHG emissions in 2021 consistent with its reduction in energy consumption. Rainy River experienced an increase in Scope 1 and 2 GHG emissions, as the mine increased its ore processing rate. CSP experienced an increase in Scope 1 GHG emissions as a result of higher use of mobile equipment in the last phase of heap leach pad reclamation.

 [Read more on our carbon reduction efforts and environmental performance >](#)

Energy Tracking Within the Organization (GJ) – Company-wide



GHG EMISSIONS (tCO ₂ e) – COMPANY-WIDE			
	2019	2020	2021
Direct GHG Emissions (Scope 1)	163,709	159,546	163,517
Indirect GHG Emissions (Scope 2)	7,686 ²	15,681	16,466
Total GHG Emissions (Scope 1 and 2)	171,395	175,227	179,983



TARGETS

New Gold is committed to reducing its Scope 1 and 2 GHG emissions by 30 percent by 2030 from a 2020 baseline.

To achieve our 2030 goal, New Gold intends to

1. reduce transportation-related emissions; for example, through logistics efficiencies, vehicle electrification and alternative fuels
2. transition to fully renewable sources of electricity; for example, through green energy programs, renewable energy credits or on-site renewable energy generation
3. mandate the incorporation of new mining activities in carbon reduction planning (e.g., developments, acquisitions, reclamation)





TARGETS FOR REDUCING SCOPE 1 AND 2 GHG EMISSIONS		
	New Afton	Rainy River
2022	Implement energy and GHG performance improvement initiatives totaling 0.5% of 2020 energy consumption and 3% of 2020 Scope 1 and 2 GHG emissions.	Determine GHG reduction opportunities to support 30% reduction through remaining open pit and underground transition.
2025	Continue electrification of fleet vehicles for C-Zone production.	Through underground transition, implement reduction opportunities, such as electric vehicles in underground fleet.
2030	30% reduction in Scope 1 and 2 GHG emissions from 2020 baseline.	

² Scope 2 GHG emissions were not tracked at CSP in 2019.

TCFD INDEX



We prepared this TCFD Report to demonstrate our current alignment with the TCFD recommendations. Using our existing public disclosures, insights from our TCFD gap analysis exercise and actions completed since, we provide our approximate levels of alignment with each of the recommended disclosures.

Legend

-  High alignment with recommendation; additional alignment efforts nearing completion.
-  Moderate alignment with recommendation; additional alignment efforts are underway.
-  Low to moderate alignment with recommendation; progress to increase alignment is beginning.
-  Low alignment with recommendation; no efforts to align are currently underway.




Governance

Disclose the organization’s governance around climate-related risks and opportunities.

RECOMMENDATION	ALIGNMENT
a) Describe the board oversight of climate-related risks and opportunities.	
b) Describe management's role in assessing and managing climate-related risks and opportunities.	




Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.

RECOMMENDATION	ALIGNMENT
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	




Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks.

RECOMMENDATION	ALIGNMENT
a) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	
b) Describe the organization's processes for managing climate-related risks.	
c) Describe the organization’s processes for identifying and assessing climate-related risks.	

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

RECOMMENDATION	ALIGNMENT
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions and the related risks.	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

* Levels of alignment are approximate.



NEW GOLD HEADQUARTERS

Brookfield Place, 181 Bay Street, Suite 3320
Toronto, Ontario M5J 2T3
T: 416-324-6000 E: info@newgold.com

newgold.com

newgold™