U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934
or
☒ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2020 Commission File Number 001-31722

New Gold Inc.

(Exact name of Registrant as specified in its charter)

British Columbia	**1000**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Suite 3320 Brookfield Place, 181 Bay Street
Toronto, Ontario, Canada M5J 2T3
(416) 324-6000
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System

28 Liberty Street, New York, NY 10005
(212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol(s):	Name of Each Exchange On Which Registered:
Common Shares, no par value	**NGD**	**NYSE American**

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:
☒Annual Information Form ☒Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

At **December 31, 2020**, the Registrant had outstanding 680,249,798 common shares without par value.

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

DOCUMENTS INCORPORATED BY REFERENCE

The Annual Information Form ("AIF") of New Gold Inc. (the "Registrant", "New Gold" or the "Company") for the fiscal year ended December 31, 2020 is filed as Exhibit 1 to this annual report on Form 40-F.
The audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019, including the related reports of independent registered public accounting firm, are filed as Exhibit 2 to this annual report on Form 40-F.

The Company's management's discussion and analysis ("MD&A") for the year ended December 31, 2020 is filed as Exhibit 3 to this annual report on Form 40-F.

EXPLANATORY NOTE

The Company is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on Form 40-F. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. Accordingly, the Company's equity securities are exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 under the Exchange Act.

The Company is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare the documents incorporated by reference in this annual report on Form 40-F in accordance with Canadian disclosure requirements, which are different from those of the United States.

Disclosure regarding our mineral properties, including with respect to mineral reserve and mineral resource estimates included in this annual report on Form 40-F and the documents incorporated by reference herein, was prepared in accordance with Canadian National Instrument 43-101 — Standards of Disclosure for Mineral Projects ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the Commission generally applicable to U.S. companies. For example, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101. These definitions differ from the definitions in the disclosure requirements promulgated by the Commission.

Accordingly, information contained in this annual report on Form 40-F and the documents incorporated by reference will not be comparable to similar information made public by U.S. companies reporting pursuant to Commission disclosure requirements.

Unless otherwise indicated, all dollar amounts are reported in U.S. dollars.

FORWARD LOOKING STATEMENTS

Certain information contained in this annual report on Form 40-F, including any information relating to New Gold's future financial or operating performance are "forward looking". All statements in this annual report on Form 40-F, other than statements of historical fact, which address events, results, outcomes or developments that New Gold expects to occur are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian Securities laws. 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 annual report on Form 40-F include those under the headings "General Developments of the Business", "Description of the Business" and "Mineral Properties" and include, among others, statements with respect to: guidance for production, operating expenses per gold equivalent ounce sold, total cash costs per equivalent ounce, all-in sustaining costs per equivalent ounce and sustaining and growth capital expenditures, and the factors contributing to those expected results; mine life; Mineral Reserve and Mineral Resource estimates; grades expected to be mined and milled at the Company's operations; planned activities and timing for 2021 and future years at the Rainy River Mine (as defined in Exhibit 1) and New Afton Mine (as defined in Exhibit 1), including planned development and exploration activities and related expenses; expected permitting and development activities for the New Afton B3 and C-Zones; expected production, costs, economics, grade and other operating parameters of the Rainy River Mine and the New Afton Mine (as defined below); and the expected timing of the $50 million cash payment from Artemis Gold Inc. ("Artemis Gold").

All forward-looking statements in this annual report on Form 40-F 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 annual report on Form 40-F, New Gold's annual and quarterly MD&A and its Technical Reports (as defined in Exhibit 1) filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). In addition to, and subject to, such assumptions discussed in more detail elsewhere, the forward-looking statements in this annual report Form 40-F are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations, including that operations in the New Afton Mine's Lift 1 ramp up as expected; (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; (4) the exchange rate between the Canadian dollar and U.S. dollar, and to a lesser extent the Mexican peso, being approximately consistent with current levels; (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 Rainy River and New Afton Mines 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; (9) the results of the life of mine plans for the Rainy River Mine and the New Afton Mine described herein being realized; (10) the absence of material negative comments during any applicable regulatory processes, including the permitting process for the New Afton B3 and C-Zones; (11) in the case of production, cost and expenditure outlooks at operating mines for 2021, commodity prices and exchange rates being consistent with those estimated for the purposes of 2021 guidance; and (12) that the Company will receive the outstanding purchase price for the Blackwater Project from Artemis Gold in August 2021.

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: significant capital requirements and the availability and management of capital resources; additional funding requirements; price volatility in the spot and forward markets for metals and other commodities; 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; discrepancies between actual and estimated production, between actual and estimated Mineral Reserves and Mineral Resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in the countries in which New Gold does or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which New Gold does or may

in the future carry on business; 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 B3 and C-Zones; the uncertainties inherent in current and future legal challenges to which New Gold is or may become a party; diminishing quantities or grades of Mineral Reserves and Mineral Resources; competition; loss of key employees; rising costs or availability of labour, supplies, fuel and equipment; global economic 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; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the Technical Reports for the Rainy River and New Afton Mines; uncertainty relating to the value of equity investments in public companies held by the Company from time to time; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; unexpected delays and costs inherent to consulting and accommodating rights of First Nations and other indigenous groups; uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements, including those associated with the B3 and C-Zones permitting process; and the expectation that the Company will receive the outstanding purchase price for the Blackwater Project in August 2021. In addition, there are risks and hazards associated with the business of mineral exploration, development, construction 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 this annual report on Form 40-F and in New Gold's disclosure documents incorporated by reference herein. 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 annual report on Form 40-F or in documents incorporated by reference herein 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.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's President and Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2020. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2020 the Company's disclosure controls and procedures were effective to provide assurance that the information required to be disclosed by the Company in reports it files or submits under the Exchange Act, is recorded, processed, summarized and reported on a timely basis in accordance with applicable time periods specified by the Commission rules and forms and to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- **pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;**
- **provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and**
- **provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.**

The Company's management, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act as of December 31, 2020. In making this assessment, it used the criteria set forth in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on those criteria. There are no material weaknesses that have been identified by management.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by Deloitte LLP, the Company's independent registered public accounting firm. As stated in their report immediately preceding the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019, filed as Exhibit 2 to this annual report on Form 40-F, Deloitte LLP expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The report immediately precedes the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019, which are filed as Exhibit 2 to this annual report on Form 40-F.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the fiscal year ended December 31, 2020, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

LIMITATIONS ON DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

AUDIT COMMITTEE IDENTIFICATION AND FINANCIAL EXPERT

The Company has an Audit Committee established by its board of directors for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company, in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Marilyn Schonberner (Chair), Nicholas Chirekos and Margaret Mulligan. Each of Ms. Schonberner, Mr. Chirekos and Ms. Mulligan is "independent" as that term is defined under the rules of the NYSE American.

The Board has determined that each of Marilyn Schonberner, Margaret Mulligan and Nicholas Chirekos is an "Audit Committee Financial Expert" as that term is defined under Section 407 of the Sarbanes-Oxley Act of 2002 and paragraph (8) of General Instruction B of Form 40-F.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information provided under the headings "Pre-Approval Policies and Procedures" and "External Auditor Service Fees (by category)" page 65 contained in the AIF is incorporated by reference.

CODE OF ETHICS

In connection with a comprehensive review of the Company's corporate governance policies, on August 13, 2008, the Board of Directors of the Company (the "Board") approved the adoption of a code of business conduct and ethics ("Code"). The Code has been reviewed and updated annually since its adoption, with the most recent review by the Board on November 25, 2020. The Code is applicable to all directors, officers and employees of the Company, including its President and Chief Executive Officer, Chief Financial Officer and principal accounting officer. The Code was adopted to, among other things, update and clarify the duties, obligations and responsibilities that are imposed upon the persons subject to its provisions. A copy of the amended Code is filed as Exhibit 4 to this annual report on Form 40-F. Additionally, on July 8, 2008, the Board approved the adoption of a Whistleblower Policy ("Whistleblower Policy"). The Whistleblower Policy has been reviewed and ratified or updated annually since its adoption, with the most recent review by the Board on November 25, 2020. The Whistleblower Policy outlines the principles and commitments that the Company has made with respect to the treatment of complaints by its personnel. Copies of the Code and the Whistleblower Policy are available on the Company's website at www.newgold.com.

There were no waivers of the Code in the past fiscal year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading “Financial Risk Management – (b) Liquidity risk” on page 56 of the Audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019 filed as Exhibit 2 to this annual report on Form 40-F, is incorporated by reference herein.

NYSE AMERICAN CORPORATE GOVERNANCE

The Company’s common shares are listed on the NYSE American. Section 110 of the NYSE American company guide permits NYSE American to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE American listing criteria, and to grant exemptions from NYSE American listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company’s governance practices differ from those followed by domestic companies pursuant to NYSE American standards is contained on the Company’s website at www.newgold.com.

UNDERTAKINGS

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has filed with the Commission a written consent to service of process and power of attorney on Form F-X and amendments thereto. Any change to the name or address of the Company’s agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

NEW GOLD INC.

By: /s/ Robert Chausse

Name: Robert Chausse
Title: Executive Vice President and Chief Financial Officer

Date: March 31, 2021

EXHIBIT INDEX

The following documents are being filed with the Commission as exhibits to this annual report on Form 40-F.

Exhibit	Description
1.	Annual Information Form for the year ended December 31, 2020
2.	Audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019, including the report of independent registered public accounting firm with respect thereto
3.	Management's Discussion and Analysis for the year ended December 31, 2020
4.	New Gold's Code of Business Conduct and Ethics, as approved by the Company's board of directors on November 25, 2020
5.	Certification of President and Chief Executive Officer as Required by Rule 13a-14(a) under the Exchange Act
6.	Certification of Chief Financial Officer as Required by Rule 13a-14(a) under the Exchange Act
7.	Certification of President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
8.	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
9.	Consent of Deloitte LLP
10.	Consent of Michele Della Libera
11.	Consent of Andrew Croal
12.	Consent of Eric Vinet
101.	Interactive data file



Annual Information Form for the Year Ended December 31, 2020

March 31, 2021

Table of contents

CORPORATE STRUCTURE **8**

GENERAL DEVELOPMENT OF THE BUSINESS **9**

Developments – Mines and Projects 9

Developments – Financial 10

DESCRIPTION OF THE BUSINESS **11**

Principal Products 12

Specialized Skills and Knowledge 12

Competitive Conditions 12

Operations 12

Technical Information 14

Summary of Mineral Reserves and Mineral Resources 15

MINERAL PROPERTIES **19**

Rainy River Mine, Canada 19

New Afton Mine, Canada 26

Cerro San Pedro Mine, Mexico 32

RISK FACTORS **33**

NOTES **55**

DIVIDENDS **55**

DESCRIPTION OF CAPITAL STRUCTURE **56**

MARKET FOR SECURITIES **57**

DIRECTORS AND OFFICERS **58**

LEGAL PROCEEDINGS AND REGULATORY ACTIONS **66**

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS **66**

TRANSFER AGENT AND REGISTRAR **66**

MATERIAL CONTRACTS **66**

TECHNICAL REPORTS **67**

SCHEDULE A Audit Committee Charter 1

SCHEDULE B DEFINITIONS 1

SCHEDULE C ABBREVIATIONS AND MEASUREMENT CONVERSION 1

SCHEDULE D EXCHANGE RATE AND METAL PRICE INFORMATION 1

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

All information in this annual information form ("**Annual Information Form**") is as at December 31, 2020 unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this Annual Information Form, including any information relating to New Gold's future financial or operating performance are "forward looking". All statements in this Annual Information Form, 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 Annual Information Form include those under the headings "General Developments of the Business", "Description of the Business" and "Mineral Properties" and include, among others, statements with respect to: guidance for production, operating expenses per gold equivalent ounce sold, total cash costs per equivalent ounce, all-in sustaining costs per equivalent ounce and sustaining and growth capital expenditures, and the factors contributing to those expected results; mine life; Mineral Reserve and Mineral Resource estimates; grades expected to be mined and milled at the Company's operations; planned activities and timing for 2021 and future years at the Rainy River Mine (as defined below) and New Afton Mine (as defined below), including planned development and exploration activities and related expenses; expected permitting and development activities for the New Afton B3 and C-Zones; expected production, costs, economics, grade and other operating parameters of the Rainy River Mine (as defined below) and the New Afton Mine (as defined below); and the expected timing of the $50 million cash payment from Artemis Gold Inc. ("Artemis Gold").

All forward-looking statements in this Annual Information Form 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 Annual Information Form, New Gold's annual and quarterly management's discussion and analysis ("MD&A") and its Technical Reports (as defined below) 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 Annual Information Form are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations, including that operations in the New Afton Mine's Lift 1 ramp up as expected; (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; (4) the exchange rate between the Canadian dollar and U.S. dollar, and to a lesser extent the Mexican peso, being approximately consistent with current levels; (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 Rainy River and New Afton Mines 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; (9) the results of the life of mine plans for the Rainy River Mine and the New Afton Mine described herein being realized; (10) the absence of material negative comments during any applicable regulatory

processes, including the permitting process for the New Afton B3 and C-Zones; (11) in the case of production, cost and expenditure outlooks at operating mines for 2021, commodity prices and exchange rates being consistent with those estimated for the purposes of 2021 guidance; and (12) that the Company will receive the outstanding purchase price for the Blackwater Project from Artemis Gold in August 2021.

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: significant capital requirements and the availability and management of capital resources; additional funding requirements; price volatility in the spot and forward markets for metals and other commodities; 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; discrepancies between actual and estimated production, between actual and estimated Mineral Reserves and Mineral Resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in the countries in which New Gold does or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which New Gold does or may in the future carry on business; 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 B3 and C-Zones; the uncertainties inherent in current and future legal challenges to which New Gold is or may become a party; diminishing quantities or grades of Mineral Reserves and Mineral Resources; competition; loss of key employees; rising costs or availability of labour, supplies, fuel and equipment; global economic 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; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the Technical Reports for the Rainy River and New Afton Mines; uncertainty relating to the value of equity investments in public companies held by the Company from time to time; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; unexpected delays and costs inherent to consulting and accommodating rights of First Nations and other indigenous groups; uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements, including those associated with the B3 and C-Zones permitting process; and the expectation that the Company will receive the outstanding purchase price for the Blackwater Project in August 2021. In addition, there are risks and hazards associated with the business of mineral exploration, development, construction 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 this 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 Annual Information Form 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.

A significant portion of the historical financial information in this Annual Information Form is derived from New Gold's audited consolidated financial statements for the year ended December 31, 2020 (a copy of which is available under the Company's profile on SEDAR (www.sedar.com) and EDGAR (www.sec.gov)). Readers should refer to such financial statements for additional information.

CAUTIONARY NOTE TO U.S. READERS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

Disclosure regarding our mineral properties, including with respect to mineral reserve and mineral resource estimates included in this Annual Information Form, was prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the U.S. Securities and Exchange Commission (the "**SEC**") generally applicable to U.S. companies. For example, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this Annual Information Form will not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

NON-GAAP MEASURES

Total Cash Costs per Gold Equivalent Ounce

"Total cash costs per gold equivalent ounce" is a non-GAAP measure that is a common financial performance measure in the gold mining industry but with no standard meaning under International Financial Reporting Standards ("**IFRS**"). New Gold reports total cash costs on a sales basis and not a production basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. New Gold believes that this measure, along with sales, is a key indicator of a Company's ability to generate operating earnings and cash flow from its mining operations.

Total cash costs are intended to provide additional information only and do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

Total cash cost figures are calculated in accordance with a standard developed by The Gold Institute, a worldwide association of suppliers of gold and gold products that ceased operations in 2002. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Total cash costs include mine site operating costs such as mining, processing and administration costs, royalties, production taxes and realized gains and losses on fuel contracts, but are exclusive of amortization, reclamation, capital and exploration costs and net of by-product sales. Total cash costs are then divided by gold equivalent ounces sold to arrive at the total cash costs per equivalent ounce sold.

In addition to gold, the Company produces copper and silver. In 2020, gold equivalent ounces of copper and silver produced or sold in a quarter are computed using a consistent ratio of copper and silver prices to the gold price and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter. In 2019, New Gold computed gold equivalent ounces of copper and silver produced or sold in a quarter by calculating the ratio of the average spot market copper and silver prices to the average spot market gold price in a quarter and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter.

Notwithstanding the impact of copper and silver sales, as a company focused on gold production, New Gold aims to assess the economic results of its operations in relation to gold, which is the primary driver of New Gold's business. New Gold believes this metric is of interest to its investors, who invest in the Company primarily as a gold mining company. To determine the relevant costs associated with gold equivalent ounces, New Gold believes it is appropriate to reflect all operating costs that are extracted in its operations. Further details regarding historical cash costs and a reconciliation to the nearest IFRS measures are provided in the MD&A accompanying New Gold's financial statements filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

Sustaining Capital

"Sustaining capital" and "sustaining lease" are non-GAAP financial measures. New Gold defines sustaining capital as net capital expenditures that are intended to maintain operation of its gold producing assets. A sustaining lease is similarly a lease payment that is sustaining in nature. To determine sustaining capital expenditures, New Gold uses cash flow related to mining interests from its statement of cash flows and deducts any expenditures that are capital expenditures to develop new operations or capital expenditures related to major projects at existing operations where these projects will materially increase production. Management uses sustaining capital and sustaining lease, to understand the aggregate net result of the drivers of all-in sustaining costs other than total cash costs. Sustaining capital and sustaining lease are intended to provide additional information only, do not have standardized meanings under IFRS, and may not be comparable to similar measures presented by other mining companies. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Further details regarding sustaining capital and sustaining lease and reconciliations to the nearest IFRS measures are provided in the MD&A accompanying New Gold's financial statements filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

Growth Capital

"Growth capital" is a non-GAAP financial measure. New Gold terms non-sustaining capital costs to be "growth capital", which are capital expenditures to develop new operations or capital expenditures related to major projects at existing operations where these projects will materially increase production. To determine growth capital expenditures, New Gold uses cash flow related to mining interests from its statement of cash flows and deducts any expenditures that are intended to maintain operation of its gold producing assets. Management uses growth capital to understand the cost to develop new operations or related to major projects at existing operations where these projects will materially increase production. Growth capital is intended to provide additional information only, does not have any standardized meaning under IFRS, and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Further details regarding growth capital and a reconciliation to the nearest IFRS measures are provided in the MD&A accompanying New Gold's financial statements filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

All-in Sustaining Costs per Gold Equivalent Ounce

"All-in sustaining costs per gold equivalent ounce" is a non-GAAP measure based on guidance announced by the World Gold Council ("**WGC**") in September 2013. The WGC is a non-profit association of the world's leading gold mining companies established in 1987 to promote the use of gold to industry, consumers and investors. The WGC is not a regulatory body and does not have the authority to develop accounting standards or disclosure requirements. The WGC has worked with its member companies to develop a measure that expands on IFRS measures such as operating expenses and non-GAAP measures to provide visibility into the economics of a gold mining company. Current IFRS measures used in the gold industry, such as operating expenses, do not capture all of the expenditures incurred to discover, develop and sustain gold production. New Gold believes the all-in sustaining costs measure provides further transparency into costs associated with producing gold and will assist analysts, investors, and other stakeholders of the

Company in assessing its operating performance, its ability to generate free cash flow from current operations and its overall value. In addition, the Human Resources and Compensation Committee of the Board of Directors uses all-in sustaining costs, together with other measures, in its Company scorecard to set incentive compensation goals and assess performance.

All-in sustaining costs per gold equivalent ounce is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating expenses presented under IFRS.

New Gold defines all-in sustaining costs per gold equivalent ounce as the sum of total cash costs, net capital expenditures that are sustaining in nature, corporate general and administrative costs, capitalized and expensed exploration that is sustaining in nature, lease payments that are sustaining in nature, and environmental reclamation costs, all divided by the total gold equivalent ounces sold to arrive at a per ounce figure. The table "Total Sustaining Capital Expenditures" in the MD&A reconciles New Gold's sustaining capital to its cash flow statement. The definition of sustaining versus non-sustaining is similarly applied to capitalized and expensed exploration costs and lease payments. Exploration costs and lease payments to develop new operations or that relate to major projects at existing operations where these projects are expected to materially increase production are classified as non-sustaining and are excluded. In addition to gold, the Company produces copper and silver.

In 2020, gold equivalent ounces of copper and silver produced or sold in a quarter are computed using a consistent ratio of copper and silver prices to the gold price and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter. In 2019, New Gold computed gold equivalent ounces of copper and silver produced or sold in a quarter by calculating the ratio of the average spot market copper and silver prices to the average spot market gold price in a quarter and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter.

Costs excluded from all-in sustaining costs are non-sustaining capital expenditures, non-sustaining lease payments and exploration costs, financing costs, tax expense, and transaction costs associated with mergers, acquisitions and divestitures, and any items that are deducted for the purposes of adjusted earnings. Further details regarding all in sustaining costs and a reconciliation to the nearest IFRS measures are provided in the MD&A accompanying New Gold's financial statements filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

All dollar amounts referenced in this Annual Information Form are in United States dollars unless otherwise indicated. Canadian dollars are referred to as "Canadian dollars" or "C$". See Schedule D of this Annual Information Form for applicable exchange rate information.

TECHNICAL INFORMATION

The scientific and technical information relating to the Mineral Reserves contained herein has been reviewed and approved by Andrew Croal, Director, Technical Services for the Company. The scientific and technical information relating to the Mineral Resources contained herein has been reviewed and approved by Michele Della Libera, Director, Exploration for the Company. All other scientific and technical information in this Annual Information Form has been reviewed and approved by Mr. Eric Vinet, Senior Vice President, Operations for the Company. Mr. Croal is a Professional

Engineer and a member of the Professional Engineers of Ontario. Mr. Della Libera is a Professional Geologist and a member of the Association of Professional Geoscientists of Ontario and the Engineers and Geoscientists British Columbia**.** Mr. Vinet is a Professional Engineer and member of the Ordre des ingénieurs du Québec. Mr. Croal, Mr. Della Libera and Mr. Vinet are "Qualified Persons" for the purposes of NI 43-101. To the Company's knowledge, each of the aforementioned persons holds less than 1% of the outstanding securities of the Company.

The estimates of Mineral Reserves and Mineral Resources discussed in this Annual Information Form may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other risks and relevant issues. New Gold's current NI 43-101 Technical Reports, which are available on SEDAR (www.sedar.com) and EDGAR (www.sec.gov), contain further information regarding Mineral Reserve and Mineral Resource estimates, classification, reporting parameters, key assumptions and risks for each of New Gold's material mineral properties. See "Technical Reports" on page 67.

ADDITIONAL INFORMATION

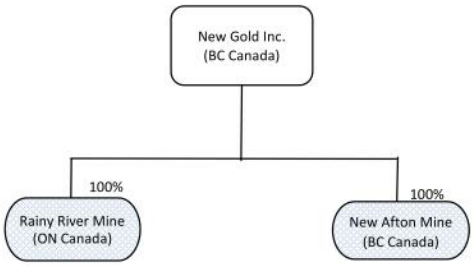
Additional information about the Company, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, may be found in the management information circular of the Company for its most recent annual meeting of shareholders and other continuous disclosure documents of the Company filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). Additional financial information is provided in the Company's audited consolidated financial statements and MD&A for the three months and year ended December 31, 2020. These documents and other information about the Company are also available under the Company's profile on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

CORPORATE STRUCTURE

The Company was incorporated on January 31, 1980 as DRC Resources Corporation under the Company Act (British Columbia) and was transitioned on May 10, 2005 under the Business Corporations Act (British Columbia). On May 4, 2005, the shareholders of the Company passed a special resolution to remove the pre-existing company provisions and adopt new articles. On June 1, 2005 the Company changed its name to New Gold Inc. Effective January 1, 2012, New Gold amalgamated with its wholly owned subsidiaries Silver Quest Resources Ltd., Geo Minerals Ltd. and Richfield Ventures Corp. Effective October 1, 2014, New Gold amalgamated with its wholly owned subsidiaries Rainy River Resources Ltd. ("**RRRL**") and 0608457 B.C. Ltd. On January 1, 2016, New Gold amalgamated with its wholly owned subsidiaries Peak Gold Ltd. and New Gold Bayfield Corp. Following each such amalgamation, the amalgamated company continued as New Gold Inc.

The registered office of the Company is Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2 and its head office is at Suite 3320, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3.

As at the date of this Annual Information Form, the Company does not have any material subsidiaries. The Rainy River Mine and New Afton Mine are held by New Gold Inc.



In this Annual Information Form, except as otherwise required by the context, reference to "**New Gold**" or the "**Company**" means, collectively, New Gold Inc. and its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

New Gold is a Canadian-focused intermediate gold mining company engaged in the exploration, development and operation of mineral properties. New Gold currently has the following mines which are described in greater detail in the "Mineral Properties" section of this Annual Information Form:

- 100% interest in the Rainy River gold mine in Ontario, Canada ("**Rainy River Mine**")
- 100% interest in the New Afton copper-gold mine British Columbia, Canada ("**New Afton Mine**")

The Company also holds an 8% gold stream on the Artemis Gold Blackwater Project located in British Columbia, Canada and a 100% interest in the Cerro San Pedro gold-silver mine in San Luis Potosí, Mexico ("**Cerro San Pedro Mine**"), which transitioned to reclamation in December 2018. New Gold has been engaged in the acquisition, exploration and development of natural resource properties since 1980. The Company's current structure arose through two accretive business combinations in mid-2008 and mid-2009. New Gold is continually working to maximize shareholder value through diversified production, maintaining an attractive risk profile and enhancing growth potential in a safe and an environmentally and socially responsible manner.

DEVELOPMENTS – MINES AND PROJECTS

Rainy River Mine

On February 13, 2020, the Company announced completion of a new life of mine plan for the Rainy River Mine. Taking into account cost and productivity information obtained since the start of commercial production, the new open pit mine plan is based on a smaller pit, giving a significant reduction in total waste mined and a strip ratio (including overburden) of 2.53:1. For underground mining, individual zones were re-evaluated and only those making a positive economic contribution were included in the mine plan. The smaller pit and reduced underground development results in a shorter mine life, extending to 2028, but also lowers capital requirements to increase expected free cash-flow over the life of mine. See "Rainy River Mine, Canada – Mining Operations" on page 24 and "Technical Reports" on page 67.

New Afton Mine

In January 2019, the Company announced it would launch an internally funded development program for the C-Zone at the New Afton Mine. C-Zone is the down plunge extension of the B-zone block cave that is currently being mined. On

February 13, 2020, the Company announced completion of a new life of mine plan for the New Afton Mine that, among other things, provided further definition of the C-Zone, integrating the B3 and C-Zone into the mine plan and extending mine life to 2030. Geotechnical studies were conducted with the objective of enhancing the mine plan and subsidence control. The plan includes 'thickened and amended tailings' ("**TAT**") to increase tailings stability. See "New Afton Mine, Canada – Mining Operations" on page 30 and "Technical Reports" on page 67.

On February 24, 2020, the Company entered into a strategic partnership through a purchase agreement (the "**New Afton PA**") with 2742150 Ontario Limited, an affiliate of the Ontario Teachers' Pension Plan ("**Ontario Teachers'**"). Under the terms of the New Afton PA, Ontario Teachers' has agreed to acquire a 46.0% free cash flow interest in the New Afton Mine with an option (the "**JV Interest Option**") to convert the interest into a 46.0% joint venture interest in four years, or have their interest remain as a free cash flow interest at a reduced rate of 42.5% (the "**New Afton Transaction**"). New Gold received upfront cash proceeds of $300 million upon closing of the New Afton Transaction. The JV Interest Option will be exercisable during a 60-day period immediately after the fourth anniversary of the effective date of the transaction. In addition, the New Afton PA gives the Company an overriding buyback option to re-acquire 100% of the New Afton Mine during the JV Interest Option exercise period. The New Afton Transaction agreements set out certain governance rights and protections for Ontario Teachers' in relation to the operation of New Afton, including establishment of an advisory committee to assist with operation and budgetary decisions. However, the Company retains operating control over New Afton while Ontario Teachers holds the free cash flow interest, including during development of the C-Zone as the mine transitions to expand its operating mine life. The New Afton Transaction closed on March 31, 2020.

Peak Mines

On November 20, 2017, New Gold announced that it had entered into an agreement with Aurelia Metals Limited to sell its 100% interest in the Peak gold-copper mines in New South Wales, Australia for cash consideration of $58 million. The transaction closed on April 10, 2018.

Mesquite Mine

On September 19, 2018, New Gold announced that it had entered into an agreement with Equinox Gold Ltd. to sell its 100% interest in the Mesquite gold mine in California for cash consideration of $158 million. The transaction closed on October 30, 2018.

Blackwater Project

On June 9, 2020, the Company announced the divestment of the Blackwater Project to Artemis Gold Inc. Artemis Gold for total cash consideration of C$190 million (comprised of an initial cash payment of $140 million and $50 million in cash payable one year after closing), 7,407,407 Artemis Gold common shares (valued at C$34.4 million the closing date) and a gold stream on 8% of gold produced from the Blackwater Project, reducing to 4% of gold production once approximately 280,000 ounces of gold have been delivered to New Gold. The stream is subject to a transfer price equal to 35% of the spot gold price. The transaction closed on August 21, 2020.

DEVELOPMENTS – FINANCIAL

Credit Facility

The Company has a $350 million revolving secured credit facility with a syndicate of banks led by The Bank of Nova Scotia and RBC Capital Markets, which matures in October 2023 (the "**Credit Facility**"). The Credit Facility was originally entered into in August 2014 and was most recently amended and restated on October 9, 2020.

Senior Notes

On July 24, 2020, New Gold announced that it had closed an offering of $400 million aggregate principal amount of 7.50% Senior Notes due 2027. The Company used the net proceeds from the offering, together with cash on hand, to fund the redemption of all of its then outstanding $400 million 6.25% Senior Notes due 2022 on July 10, 2020. The Company repurchased for cancellation $100 million of the 6.25% Senior Notes due in 2022 in September and October 2019.

On December 24, 2020, the Company completed the partial redemption of $200 million aggregate principal amount of its outstanding 6.375% Senior Notes due 2025.

Gold and Copper Hedging

In December 2018, New Gold purchased put options with a strike price of $1,230 per ounce covering 192,000 ounces of gold and simultaneously sold call options with a strike price of $1,300 per ounce covering 192,000 ounces of gold. These contracts covered 16,000 ounces of gold per month for 2019.

In May 2019, New Gold purchased put options with a strike price of $1,300 per ounce covering 72,000 ounces of gold and simultaneously sold call options with a strike price of $1,355 per ounce covering 72,000 ounces of gold. These contracts covered 12,000 ounces of gold per month between January 2020 and June 2020.

In June 2019, New Gold purchased put options with a strike price of $1,300 per ounce covering 96,000 ounces of gold and simultaneously sold call options with a strike price of $1,415 per ounce covering 96,000 ounces of gold. These contracts covered 16,000 ounces of gold per month between July 2020 and December 2020.

In October 2017, New Gold purchased put options with a strike price of $3.00 per pound covering 60 million pounds of the Company's copper 2018 production and simultaneously sold call options with a strike price of $3.37 per ounce covering 60 million pounds of its 2018 production.

In December 2018, New Gold purchased put options with a strike price of $2.50 per pound covering 21,600 tonnes of the Company's copper 2019 production and simultaneously sold call options with a strike price of $3.00 per ounce covering 21,600 tonnes of its 2019 production.

In January 2021, the Company purchased copper put options with a floor of $3.10 per pound, covering 1,700 tonnes per month (approximately 65% of anticipated production), over the period from April 2021 to September 2021, while maintaining full exposure to higher copper prices.

Equity Offerings

On August 8, 2019, New Gold announced that it had entered into an agreement with a syndicate of underwriters pursuant to which they agreed to purchase, on a bought deal basis, 93,750,000 of the Company's common shares ("**Common Shares**") at a price of $1.60 per share (the "**Offering**"), for net proceeds to New Gold of approximately $107 million (gross proceeds of C$150 million less equity issuance costs). The Offering closed on August 30, 2019.

DESCRIPTION OF THE BUSINESS

The Company's principal operating assets consist of the Rainy River Mine and New Afton Mine, both of which are in Canada. For purposes of NI 43-101, the Company considers the Rainy River Mine and the New Afton Mine to be its material properties.

New Gold is continually working to maximize shareholder value through diversified production, maintaining an attractive risk profile and enhancing growth potential in a safe and an environmentally and socially responsible manner.

Refer to the Company's MD&A for the year ended December 31, 2020, available under the Company's profile on SEDAR (www.sedar.com) and EDGAR (www.sec.gov), for a detailed description of the Company's business, including each of its operating segments.

PRINCIPAL PRODUCTS

The Company's principal products are gold and copper, which generally require refining or smelting to become marketable metal. With respect to Rainy River, the Company uses the services of refiners to refine gold doré. The refined gold is sold to bullion banks or gold trading counterparties at market prices, though in some cases the Company sells doré to such banks and counterparties with delivery to the refinery. The New Afton Mine produces copper concentrate, which is sold to various smelters or concentrate marketing firms. The Company has also entered into financial instruments, such as option or swap contracts, for the purpose of hedging gold and copper prices – see "Developments – Financial" on page 11. There are worldwide gold and copper markets into which the Company can sell and, as a result, the Company is not dependent on a particular purchaser with regard to the sale of the gold and copper that it produces. Further, due to the availability of alternative refineries, smelters and concentrate marketing firms, the Company is not dependent on the services on any one refiner, smelter or concentrate marketing firm.

SPECIALIZED SKILLS AND KNOWLEDGE

All aspects of New Gold's business require specialized skills and knowledge. Such required areas of specialized skills and knowledge include geology, drilling, Mineral Resource estimation, mine planning and Mineral Reserves estimation, metallurgy, engineering, construction, technology, maintenance skills, capital management, community and public relations, regulatory compliance, legal and accounting.

COMPETITIVE CONDITIONS

The precious and base mineral exploration and mining business is competitive. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire mineral properties in the future will depend on its ability to develop its present properties, and on its ability to select and acquire suitable producing properties or prospects for development or mineral exploration.

OPERATIONS

Mineral Reserves and Mineral Resources

The Company has the following Mineral Reserves and Mineral Resources: gold and silver at the Rainy River Mine; gold, copper and silver at the New Afton Mine. See "Summary of Mineral Reserves and Mineral Resources" on page 15.

Foreign Operations

The Company currently owns 100% of the Cerro San Pedro Mine in Mexico, which completed active mining in June 2016 and transitioned to reclamation in December 2018. Operations may be affected in varying degrees by factors such as government regulations (or changes to such regulations or the application of regulations) with respect to environmental legislation, land use, water use, and land claims of local people. The impact of these factors cannot be accurately predicted. See "Risk Factors – Foreign Operations" on page 54.

Employees

As at December 31, 2020, the Company had the following employees:

Location	Employees
Corporate Office	36
Rainy River Mine	841
New Afton Mine	583
Cerro San Pedro Mine[1]	130
Total	1,590

[1] *As at December 31, 2020, 74 employees at the Cerro San Pedro Mine belonged to a union.*

Environmental Protection and Social and Environmental Practices

New Gold is committed to excellence in sustainability. The Company considers its ability to make a lasting and positive contribution toward sustainable development a key driver to achieving a productive and profitable business. New Gold aims to achieve these objectives through the protection of the health and well-being of its people and host communities. The Company maintains responsible practices in the areas of environmental stewardship, including practices related to climate action and water management, community engagement and development, and Indigenous Relations. New Gold's policies and practices are guided by the principles of the United Nations Global Compact with reference to human rights, labour, environmental stewardship and anti-corruption. As a member of the Mining Association of Canada ("**MAC**"), New Gold's operations adopt the MAC's Towards Sustainable Mining protocols which form part of the New Gold Environmental Management Standards and Community Engagement and Development Management Standards. The Company's Independent Tailings Review Board ("**ITRB**"), which is comprised of four independent experts, provides input with respect to tailings management at New Gold's operations and projects in Canada.

New Gold's sustainability objectives include promoting and protecting the welfare of its employees through safety-first work practices, upholding fair employment practices and encouraging a diverse workforce, where people are treated with respect and supported to realize their full potential. New Gold believes that people are its most valuable assets and strives to create a culture of diversity and inclusiveness that begins at the top and is reflected in its hiring, promotion and overall human resources practices. New Gold encourages tolerance and respect in worker-to-worker relationships. The Company strives to be an employer of choice through the provision of competitive wages and benefits, the implementation of policies that recognize and reward employee performance, and promotion from within wherever possible.

The Company is committed to preserving the long-term health and viability of the natural environments that host its operations. Wherever New Gold operates – in all stages of mining activity, from early exploration and planning, to commercial mining operations through to eventual closure – the Company is committed to excellence in environmental management. Prior to commencing significant construction activities, New Gold carries out comprehensive environmental studies to establish baseline measurements for flora, fauna, earth, air and water. During operations, it promotes the efficient use of raw materials and resources, works to minimize environmental impacts and maintains robust monitoring programs. After mining activities are complete, New Gold's objective is to restore the land to a level of productivity equivalent to its pre-mining capacity or to an alternative land use determined through consultation with regulatory authorities and the communities of interest.

New Gold is committed to establishing relationships with host communities based on mutual benefit and active engagement with these communities to contribute to their sustainability. Wherever the Company's operations interact with Indigenous peoples, New Gold promotes understanding of, and respect for, traditional values, customs and culture and takes meaningful action to consider the interests of Indigenous peoples. New Gold aims to foster open communication with local residents and community leaders so that issues can be resolved collaboratively. The Company

believes that by thoroughly understanding the people, their histories, and their needs and aspirations, it can engage in a meaningful and sustainable development process.

The Company's mining, exploration and development activities are subject to various federal, provincial, state, county and municipal laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties. In all jurisdictions where New Gold operates, specific statutory and regulatory requirements and standards must be met throughout the exploration, development and operations stages of a mining property with regard to air quality, water quality, fisheries and wildlife protection, solid and hazardous waste management and disposal, noise, land use and reclamation.

Management estimates the reclamation and closure cost obligations for all of its properties is $119.2 million as at December 31, 2020. Details and quantification of New Gold's reclamation and closure costs obligations are set out in Note 15 of the Company's audited consolidated financial statements for the year ended December 31, 2020. As at December 31, 2020, the Company had posted surety bonds totaling $102.6 million and letters of credit totally $46 million, representing security in the aggregate amount of $148.6 million to address these liabilities.

TECHNICAL INFORMATION

CIM Standards Definitions

New Gold's estimates of Mineral Reserves and Mineral Resources have been calculated in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Mineral Reserves, Definitions and Guidelines, May 2014 (the "**CIM Standards**").

Technical Terms and Abbreviations

Unless otherwise defined, technical terms used in this Annual Information Form are set out in Schedule B and abbreviations terms used are defined in Schedule C

SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES

A summary of New Gold's Mineral Reserve and Mineral Resource estimates as at December 31, 2020 are presented in the following table.

Mineral Reserves and Mineral Resources Summary [1]	As at December 31, 2020			As at December 31, 2019		
Proven and Probable Mineral Reserves	Gold koz	Silver koz	Copper Mlbs	Gold koz	Silver koz	Copper Mlbs
Rainy River	**2,598**	**7,152**	**-**	**2,636**	**6,266**	**-**
Open Pit	1,599	3,518	-	1,748	3,602	-
Underground	672	1,795	-	549	1,034	-
Low grade and stockpile	327	1,839	-	339	1,629	-
New Afton	**958**	**2,670**	**758**	**1,005**	**2,844**	**802**
Blackwater[3]	-	-	-	8,170	60,800	-
Total Proven and Probable Reserves	**3,556**	**9,822**	**758**	**11,811**	**69,909**	**802**
Measured and Indicated Mineral Resources (exclusive of Mineral Reserves) [1]						
Rainy River	**2,005**	**5,125**	**-**	**1,914**	**5,120**	**-**
Open Pit	187	562	-	245	789	-
Underground	1,818	4,563	-	1,669	4,331	-
New Afton	**1,182**	**4,246**	**1,003**	**1,118**	**3,754**	**933**
Blackwater	-	-	-	1,402	8,915	-
Total Measured and Indicated Mineral Resources	**3,187**	**9,371**	**1,003**	**4,434**	**17,788**	**933**
Total Inferred Mineral Resources	**412**	**917**	**143**	**754**	**3,124**	**121**

1. *Refer to the detailed Mineral Reserve and Mineral Resource tables as at December 31, 2020 that follow in this Annual Information Form.*
2. *The Mineral Reserves and Mineral Resources stated above are as at December 31, 2020 and do not reflect any events subsequent to that date.*
3. *The Blackwater Project was sold to Artemis Gold on August 21, 2020.*

Consolidated gold Mineral Reserves decreased by approximately 8.25 million gold ounces as compared to 2019. This decrease includes approximately 8.17 million gold ounces related to the sale of the Blackwater Project, 253,000 gold ounces of mining depletion at the Rainy River Mine and approximately 85,000 gold ounces of mining depletion at the New Afton Mine. Mining depletion was partially offset by approximately 253,000 ounces of positive resource to reserve conversion from updated mine designs and operational plans at both mines.

At the Rainy River Mine, total Mineral Reserves slightly decreased by approximately 38,000 gold ounces over the prior year, primarily due to mine depletion that was partially offset by the conversion of 215,000 gold ounce from Mineral Resources to Mineral Reserves (92,000 open pit mine plan and 123,000 underground mine plan) due to updated mine designs and operational plan optimization. The increase in Mineral Reserves was driven by updated metal price assumptions and updated cut-off grades for underground reserves. At the New Afton Mine, Mineral Reserves decreased by approximately 47,000 gold ounces over the prior year as a result of mine depletion that was partially offset by the addition of 38,000 gold ounces from the C-Zone mine plan optimization.

Consolidated Measured and Indicated Mineral Resources decreased by approximately 1.2 million gold ounces due to the sale of the Blackwater Project to Artemis Gold in August 2020. Consolidated Inferred Mineral Resources decreased by approximately 340,000 gold ounces due such sale. This decrease was partially offset by increased underground Mineral Resources at the Rainy River and New Afton Mines. At the Rainy River Mine Measured and Indicated Mineral Resources have increased by 91,000 gold ounces due to higher gold prices and lower cut-off grades applied for underground ore

material. Total Measured and Indicated Mineral Resources at the New Afton Mine increased by approximately 64,000 gold ounces driven by additional drilling in 2020. Consolidated Inferred Mineral Resources decreased by approximately 340,000 gold ounces due the sale of the Blackwater Project.

Mineral Reserves

New Gold's Mineral Reserve estimates as at December 31, 2020 are presented in the following table.

	Metal grade				Contained Metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
RAINY RIVER							
Direct processing reserves							
Open Pit							
Proven	14,333	1.22	2.5	-	563	1,137	-
Probable	27,273	1.18	2.7	-	1,036	2,381	-
Open Pit P&P (direct proc.)	41,606	1.20	2.6	-	1,599	3,518	-
Stockpile DPO							
Proven	599	0.73	3.2	-	14	62	-
Probable	-	-	-	-	-	-	-
Total Stockpile	599	0.73	3.2	-	14	62	-
Low grade reserves							
Open Pit							
Proven	5,401	0.35	2.0	-	61	346	-
Probable	12,924	0.35	2.3	-	144	967	-
Open Pit P&P (low grade)	18,325	0.35	2.2	-	205	1,313	-
Stockpile							
Proven	7,987	0.42	1.8	-	108	464	-
Probable	-	-	-	-	-	-	-
Open Pit P&P (stockpile)	7,987	0.42	1.8	-	108	464	-
Open Pit P&P (Direct proc. & Low grade)	**68,517**	**0.87**	**2.4**	-	**1,926**	**5,357**	-
Underground							
Proven	-	-	-	-	-	-	-
Probable	5,399	3.87	10.3	-	672	1,795	-
Underground P&P (direct proc.)	5,399	3.87	10.3	-	672	1,795	-
Combined Direct proc. & Low grade							
Proven	28320	0.82	2.2	-	746	2,009	-
Probable	45,596	1.26	3.5	-	1,852	5,143	-
Total Rainy River P&P	**73,916**	**1.09**	**3.0**	-	**2,598**	**7,152**	-
NEW AFTON							
A&B Zones							
Proven	-	-	-	-	-	-	-
Probable	8,047	0.49	2.3	0.69	126	593	122
B3 Zone							
Proven	-	-	-	-	-	-	-
Probable	9,325	0.63	1.4	0.74	189	418	152
C-Zone							
Proven	-	-	-	-	-	-	-
Probable	29,252	0.68	1.8	0.75	643	1,659	484
Total New Afton P&P	**46,624**	**0.64**	**1.8**	**0.74**	**958**	**2,670**	**758**
TOTAL PROVEN & PROBABLE RESERVES					**3,556**	**9,822**	**758**

Measured and Indicated Mineral Resources (Exclusive of Mineral Reserves)

Mineral Resource estimates as at December 31, 2020 (exclusive of mineral reserves) are presented in the following tables:

		Metal grade			Contained metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
RAINY RIVER							
Direct processing resources							
Open Pit							
Measured	592	1.51	2.4	-	29	46	-
Indicated	3,696	1.11	3.1	-	132	370	-
Open Pit M&I *(direct proc.)*	4,288	1.17	3.0	-	161	416	-
Underground							
Measured	-	-	-	-	-	-	-
Indicated	18,494	3.06	7.7	-	1,818	4,563	-
Underground M&I *(direct proc.)*	18,494	3.06	7.7	-	1,818	4,563	-
Low grade resources							
Open Pit							
Measured	236	0.34	1.9	-	3	15	-
Indicated	2,054	0.35	2.0	-	23	131	-
Open Pit M&I (low grade)	2,290	0.35	2.0	-	26	146	-
Combined M&I							
Measured	828	1.20	2.3	-	32	61	-
Indicated	24,244	2.53	6.5	-	1,973	5,064	-
Total Rainy River M&I	**25,072**	**2.49**	**6.4**	-	**2,005**	**5,125**	-
NEW AFTON							
A&B Zones							
Measured	19,920	0.52	1.4	0.72	335	867	314
Indicated	11,691	0.36	2.5	0.56	135	933	145
A&B Zone M&I	31,612	0.46	1.8	0.66	470	1,800	460
C-Zone							
Measured	6,156	0.82	2.1	0.99	163	417	135
Indicated	16,398	0.68	2.4	0.82	356	1,261	295
C-Zone M&I	22,554	0.72	2.3	0.86	519	1,678	430
HW Lens							
Measured	-	-	-	-	-	-	-
Indicated	12,333	0.49	1.9	0.42	194	769	114
HW Lens M&I	12,333	0.49	1.9	0.42	194	769	114
Combined M&I							
Measured	26,076	0.59	1.5	0.78	497	1,281	449
Indicated	40,422	0.53	2.3	0.62	684	2,965	554
Total New Afton M&I	**66,498**	**0.55**	**2.0**	**0.68**	**1,182**	**4,246**	**1,003**
TOTAL M&I RESOURCES					**3,187**	**9,371**	**1,003**

Inferred Mineral Resources

	Metal grade				Contained metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
RAINY RIVER							
Direct processing							
Open Pit	797	0.97	2.4	-	25	82	-
Underground	1,599	3.30	2.8	-	170	146	-
Total Direct Processing	2,396	2.52	2.7	-	195	228	-
Low grade resources							
Open Pit	681	0.35	1.4	-	8	30	-
Rainy River Inferred	**3,077**	**2.05**	**2.6**	-	**203**	**258**	-
NEW AFTON							
A&B Zones	7,671	0.34	1.3	0.33	83	311	56
C-Zone	10,640	0.37	1.0	0.37	126	349	87
HW Lens	3	0.49	0.6	0.19	-	-	-
New Afton Inferred	**18,313**	**0.36**	**1.1**	**0.36**	**209**	**659**	**143**
TOTAL INFERRED RESOURCES					**412**	**917**	**143**

Notes to Mineral Reserve and Resource Estimates

1. New Gold's Mineral Reserves and Mineral Resources have been estimated in accordance with the CIM Standards, which are incorporated by reference in NI 43-101.
2. All Mineral Reserve and Mineral Resource estimates for New Gold's properties and projects are effective December 31, 2020 and do not reflect any events subsequent to that date.
3. New Gold's year-end 2020 Mineral Reserves and Mineral Resources have been estimated based on the following metal prices and foreign exchange ("**FX**") rate criteria:

	Gold	Silver	Copper	FX
Mineral Reserves	$1,400	$18.00	$2.75	$1.30
Mineral Resources	$1,500	$20.00	$3.00	$1.30

4. Lower cut-offs for the Company's Mineral Reserves and Mineral Resources are outlined in the following table:

Mineral Property		Mineral Reserves	Mineral Resources
Rainy River	O/P direct processing:	0.46 – 0.49 g/t AuEq	0.44 – 0.45 g/t AuEq
	O/P low grade material:	0.30 g/t AuEq	0.30 g/t AuEq
	U/G direct processing:	1.93 g/t AuEq	1.70 g/t AuEq
New Afton	Main Zone – B1 & B2 Blocks:	USD$ 21.00/t	All Resources: 0.40% CuEq
	B3 Block & C-zone:	USD$ 24.00/t	

5. New Gold reports its Measured and Indicated Mineral Resources exclusive of Mineral Reserves. Measured and Indicated Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Mineral Resources have a greater amount of uncertainty as to their existence and technical feasibility, do not have demonstrated economic viability, and are likewise exclusive of Mineral Reserves. Numbers may not add due to rounding.

6. Mineral Resources are classified as measured, indicated and inferred based on relative levels of confidence in their estimation and on technical and economic parameters consistent with the methods considered to be most suitable to their potential commercial extraction. The designators 'open pit' and 'underground' may be used to indicate the envisioned mining method for different portions of a resource. Similarly, the designators 'direct processing' and 'lower grade material' may be applied to differentiate material envisioned to be mined and processed directly from material to be mined and stored separately for future processing. Mineral Reserves and Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other risks and relevant issues. Additional details regarding Mineral Reserve and Mineral Resource estimation, classification, reporting parameters, key assumptions and associated risks for each of New Gold's material properties are provided in the respective NI 43-101 Technical Reports, which are available on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

7. The preparation of New Gold's consolidated statement and estimation of mineral reserves has been completed under the oversight and review of Mr. Andrew Croal, Director of Technical Services for the Company. Mr. Croal is a Professional Engineer and member of the Association of Professional Engineers Ontario. Preparation of New Gold's consolidated statement and estimation of mineral resources has been completed under the oversight and review of Mr. Michele Della Libera, Director, Exploration for the Company. Mr. Della Libera is a Professional Geoscientists and member of the Association of Professional Geoscientist of Ontario and of the Engineers and Geoscientist of British Columbia. Mr. Croal and Mr. Della Libera are "Qualified Persons" as defined by NI 43-101.

MINERAL PROPERTIES

RAINY RIVER MINE, CANADA

Project Description, Location, Access and Other Information

The Rainy River Mine is located in the southern half of Richardson Township, approximately 50 kilometres northwest of Fort Frances in northwestern Ontario, Canada. Regional population centres Kenora and Thunder Bay lie 162 kilometres to the north and 418 kilometres to the east, respectively. Access to the mine area is via secondary all-weather roads branching off Trans-Canada Highway 11/71. An east-west rail line is located 21 kilometres to the south, populated by a number of small towns and villages. Temperature extremes generally range from 35 degrees Celsius to minus 40 degrees Celsius. Annual precipitation averages approximately 60 centimetres rainfall and 150 centimetres snowfall. Mining activities are conducted year-round.

Terrain in the vicinity of the Rainy River Mine is dominated by a distinct northwest to southeast divide known as the Rainy Lake-Lake of the Woods Moraine. Topography is relatively gentle, with relief ranging from zero southwest of the divide to up to 90 metres northeast of the divide. In areas of low relief, bedrock typically is overlain by glacial till, thick silts and clays and, in poorly drained areas, by thick peat.

The Rainy River Mine occupies approximately 6,140 hectares, comprising 100 patented mining rights and surface rights claims (including 9 leasehold interest mining rights and/or surface rights claims). In addition, the Company has a land

package of approximately 30,644 hectares surrounding the mine site, including patented mining rights and/or, surface rights and unpatented claims. All unpatented claims are in good standing and assessment work credits are sufficient to maintain that standing for several years.

All mineral tenures are held in the name of New Gold. A portion of the Rainy River Mine land package is covered by either a 2% NSR royalty or a 10% net profits interest royalty. In addition, New Gold has agreed to financial participation in the Rainy River Mine in the form of royalties in favour of certain First Nations.

In July 2015, New Gold entered into a $175 million streaming agreement with Royal Gold A.G. a wholly owned subsidiary of Royal Gold Inc. ("**Royal Gold**") in which Royal Gold agreed to provide New Gold with an upfront deposit of $175 million, which was used for the development of the Rainy River Mine, in return for: (i) 6.5% of the Rainy River Mine's gold production up to a total of 230,000 ounces of gold, and 3.25% of the Rainy River Mine's gold production thereafter; and (ii) 60% of the Rainy River Mine's silver production up to a total of 3.1 million ounces of silver, and 30% of the Rainy River Mine's silver production thereafter. In addition to the upfront deposit, Royal Gold will pay 25% of the average spot gold or silver price at the time each ounce of gold or silver is delivered under the stream.

History

Nuinsco Resources Limited ("**Nuinsco**") initiated exploration of the area in 1990. During the period 1993 through 2004, Nuinsco engaged in geologic mapping, geochemical grid sampling, magnetic and IP geophysical surveys and Landsat remote sensing studies. Additionally, Nuinsco completed 597 reverse circulation holes and 217 diamond drill holes (49,515 metres) during the period. The program resulted in the discovery of three significant zones of gold mineralization (the 17, 34 and 433 Zones). Nuinsco drilled a final eight diamond drill holes (1,549 metres) in 2004 to test the depth continuity of the 34 Zone.

RRRL acquired a 100% interest in the Rainy River Mine from Nuinsco in June 2005. RRRL re-logged portions of historical core, established a GIS database, conducted petrographical studies, and carried out airborne and ground-based geophysical surveys. During the period 2005 through 2007, RRRL drilled more than 100 reverse circulation holes and 209 diamond drill holes (95,340 metres). Additional diamond drilling by RRRL from 2008 through February 2011 totaled 449 diamond drill holes (239,329 metres) and 375 diamond drill holes (181,682 metres) drilled from March to December 2011. RRRL published a Feasibility Study for the Rainy River Mine in May 2013 based on 1,435 diamond drill holes (662,849 metres) representing drill results through June 10, 2012.

RRRL drilled an additional 225 diamond drill holes (77,969 metres) between August 2012 and June 2013, focusing on the Intrepid Zone situated one kilometre east of the proposed open pit. By June 2013, a number of significant gold mineralized zones had been defined over a 3.5-kilometre strike length. New Gold acquired the Rainy River Mine through its purchase of RRRL in 2013. New Gold completed an updated Feasibility Study in January 2014 incorporating the previous exploration results. In 2015, New Gold acquired Bayfield Ventures Ltd. ("**Bayfield**"), which held a 100% interest in six patented mining rights claims and six unpatented claims totaling approximately 11 square kilometres adjacent to the Rainy River Mine.

Geological Setting, Mineralization and Deposit Types

The Rainy River Mine lies within the Rainy River Greenstone Belt, part of the larger Late Archean age Wabigoon Subprovince of komatiitic to calc-alkaline metavolcanics overlain by clastic and chemical sediments and intruded by granitoid batholiths. The intrusions deformed their host rocks into synformal fold structures, often producing shear zones along the axial planes. Rocks within the immediate area of the mine comprise a series of tholeiitic mafic rocks

structurally overlain by calc-alkalic intermediate to felsic metavolcanic rocks. Rocks of intermediate dacitic composition host most of the gold mineralization.

In much of the mine area and surrounding region the Archean metavolcanic and sedimentary rocks are overlain by a sequence of unconsolidated Mesozoic and Quaternary age glacial sediments and tills containing locally anomalous concentrations of detrital gold, auriferous pyrite and copper-zinc sulphides derived from the underlying mineralized bedrock. This sequence is in turn overlain by a younger sequence of glacially-derived clays, silts and till that are devoid of any anomalous detrital gold or sulphides.

Four main styles of gold and silver mineralization have been identified at Rainy River: gold-bearing sulphide ± quartz stringers and veins in felsic quartz-phyric rocks; quartz-ankerite-pyrite shear veins in mafic volcanic rocks; sulphide-bearing silver-enriched quartz veinlets in dacitic tuffs and breccias and copper-nickel-platinum group metals mineralization hosted in a small younger mafic-ultramafic intrusion situated within the main cluster of gold and silver deposits. All deposits show some degree of deformation, excepting the copper-nickel-platinum-bearing type. Most of the gold mineralization identified to date occurs in the sulphide-bearing stringers and veins within the felsic quartz-phyric rocks.

Mineralized zones hosted by the felsic rocks generally follow the regional northwesterly strike and southerly dip of stratigraphy. The largest of these is the ODM/17 Zone which extends 1600 metres along strike, 975 metres down dip, and over a true width of 200 metres.

The Rainy River Mine mineralization is interpreted to be a hybrid deposit type consisting of early gold-rich volcanogenic sulphide mineralization overprinted by shear-hosted mesothermal gold mineralization associated with regional deformation. A final stage of hydrothermal mineralization in the main auriferous zones crosscuts both types of earlier mineralization.

Exploration and Drilling

Exploration targeting and drilling undertaken in the area of the Rainy River Mine prior to New Gold's acquisition of the property through its acquisition of RRRL are summarized in the section entitled "History".

Since New Gold's acquisition of RRRL, the Company has focused its exploration efforts within a five kilometre radius of the central mine development area. From January 2014 through December 2019, a total of 100,000 metres of core drilling in 359 holes has been completed to delineate and improve estimation confidence for the classified Mineral Resource both laterally and at depth, and to provide geotechnical information for the mining operation. The results of this drilling in combination with the historic drilling described above provide the basis for the current Mineral Resource and Mineral Reserve estimates. At the end of 2020, the Company commenced a first-pass exploration drilling program on the NE Trend area located approximately 15 kilometres northeast of the Rainy River Mine.

Drilling procedures conducted by Nuinsco from 1994 to 1998 are not well documented. Drilling carried out from 2005 through 2019 by RRRL, Bayfield and New Gold have utilized predominantly NQ diameter (4.76 cm) drill core. Some deeper holes have been collared in HQ diameter (6.35 cm) and later reduced to NQ diameter to attain target depths. PQ diameter (8.5 cm) drill core was utilized for certain metallurgical samples. Both RRRL and New Gold have realized excellent core recoveries and have surveyed all drill holes and collars according to accepted industry standards. The drilling procedures utilized by RRRL and New Gold are considered consistent with industry best practices and the quantity and quality of the lithological, geotechnical, collar and down-hole survey data collected in the exploration and infill drill programs completed by RRRL and New Gold are considered sufficient to support Mineral Resource estimation.

Sampling, Analysis and Data Verification

There are no records describing the sampling and analytical methods used by Nuinsco during its drilling programs. Mineralized sections of core were re-sampled and analyzed by RRRL to incorporate into the drill database.

Sampling and analysis of drill core has been conducted via industry best practices under New Gold, RRRL and Bayfield drilling programs. Sampling was typically conducted at nominal 1.5 metre intervals, though Bayfield sampling intervals vary from 0.5 to 1.5 metres in length. Core was sawn and half placed in sample bags for laboratory analysis. Certified reference standards, blanks and duplicates were systematically inserted into the sample batches to be shipped to the lab. Samples were collected on site by a Fort Frances shipping company and delivered directly to the laboratory.

RRRL used two principal accredited laboratories for analyses: ALS Vancouver, British Columbia from 2005 to 2006 and from 2011 to 2014; and Accurassay Laboratories in Thunder Bay, Ontario from 2006 to 2011. Bayfield's drill core was analyzed by Activation Laboratories, an accredited laboratory located in Thunder Bay, Ontario. New Gold used ALS for the analysis of its exploration and resource delineation drilling at the Rainy River Mine until 2018 and from 2019 Activation Laboratories, located in Ancaster, Ontario for the analysis of its exploration drilling. Since the start of commercial production in late 2017, analyses of grade control samples for the open pit (and future underground) mine have been done by an onsite analytical laboratory. All of these laboratories use standard industry analytical procedures: fire assay procedures for precious metal analyses; aqua regia digestion and atomic absorption spectrometry for metal analyses; and ICP and graphite furnace analyses for calcium, sulfur and other elements required for waste rock characterization. Each laboratory employs an internal QA/QC program in accordance with its accreditation requirements. Additionally, the company employs a separate set of best practice QA/QC protocols for all of its exploration and resource definition sampling programs. These protocols involve a combination of routine checks and duplicate analyses on a minimum of 25 percent of the total number of samples analyzed to assure acceptable levels of sampling accuracy and precision are maintained.

Data verification includes site visits to inspect procedures, QA/QC data validation and examination of database accuracy. The results of data verification as well as 2020 mine production and reconciliation data indicate the data collected for Mineral Resource definition at the Rainy River Mine adequately reflect deposit dimensions, style, and true widths of mineralization; adequately support the geological interpretations; and are of sufficient analytical and database quality for use in Mineral Resource estimation.

Mineral Processing and Metallurgical Testing

Metallurgical testing was performed to evaluate the mineralogy of the deposit and contribute to the design of the Rainy River Mine's processing plant and tailings facility. Several studies and tests were performed, including mineralization, comminution, gravity separation, flotation, flotation concentrate leaching, whole ore leaching, cyanidation, carbon adsorption modelling, cyanide destruction and solid-liquid separation. It was determined that whole rock leaching with gravity separation was the most economical processing alternative for the ore mainly but not solely because it required less energy and cyanide inputs than other processing alternatives.

Infrastructure, Permitting and Compliance Activities

Infrastructure and local terrain are accessible, with numerous gravel/paved roads, power and water resources and areas for tailings management facilities available within close proximity. Personnel for the mine, including skilled trades and professions, have been and will continue to be sourced through a focus on local hiring and broader recruitment efforts for harder to fill roles.

Power is supplied to the mine through a connection to a provincial transmission line approximately 17 kilometres to the east. There is a supply of water in the area from the Pinewood River, and a pipeline has been constructed from the

Pinewood River to the site. A site water management pond contains water for mineral processing. A water treatment plant was commissioned in 2020. Other infrastructure includes open pit infrastructure, the processing plant, assay laboratory facilities, truck maintenance shop, administrative offices, a warehouse, storage facilities and other support infrastructure.

In 2012, RRRL (prior to its acquisition by New Gold), and six Rainy River-area First Nations entered into a Participation Agreement with respect to the development and operation of the Rainy River Mine. The Participation Agreement identifies key project milestones to be met through cooperation and consultation with the First Nations. In 2014, the Company concluded an Impacts and Benefits Agreement with Naicatchewenin First Nation and Rainy River First Nations embracing commitments to environmental and sustainable development and ensuring that First Nation communities and members benefit from opportunities resulting from the Rainy River Mine in their traditional territory. The Company also concluded Participation Agreements with the Métis Nation of Ontario in 2014, the Big Grassy River First Nation in 2015, the Naotkamegwanning First Nation, Ojibways of Onigaming First Nation and the Anishinaabeg of Naongashing First Nation in 2017, and the Animakee Wa Zhing 37 First Nation in 2018. The Participation Agreements provide the consent of the First Nations to the Rainy River Mine, as well as benefits for each of these communities from the Rainy River Mine. New Gold has ongoing dialogue with local communities and various First Nations in the area surrounding the Rainy River Mine.

The tailings management area ("**TMA**") at the Rainy River Mine is built with rock toe buttresses, wick drains and gently sloped walls due to ground conditions at the mine. These design features were recommended by the ITRB and the Ministry of Natural Resources and Forestry during the permitting and construction of the TMA. The TMA was developed in stages using three cells that were brought into operation over a three-year period. The TMA now operates as one tailings facility.

In 2017, New Gold was subject to charges in relation to two incidents from 2016. Specifically, on July 13, 2017, New Gold was charged with five breaches of the Environmental Protection Act (Ontario) (the "**EPA**") in connection with alleged effluent discharges at the Rainy River Project in July 2016 in excess of permit limits. On November 9, 2017, New Gold pleaded guilty to discharging un-ionized ammonia above the EPA limit on July 27, 2016 and failing to report a July 20, 2016 discharge above the standard for un-ionized ammonia. The three remaining charges were withdrawn. New Gold was sentenced to a fine of C$100,000 for the July 27, 2016 discharge and C$50,000 for the failure to report the July 20, 2016 discharge. A mandatory victim surcharge of 25% applies to the fines, for a total amount of C$187,500. In addition, on July 24, 2017, New Gold was charged with two breaches of the Lakes and Rivers Improvement Act (Ontario) in connection with water allegedly overtopping a dam on the Rainy River construction site prior to completion of construction of the dam. On July 11, 2018, New Gold pleaded guilty to one charge and was sentenced to a fine of C$100,000 (plus a mandatory surcharge of 25%); the other charge was withdrawn.

The mine closure plan was accepted by the Ontario Ministry of Energy, Northern Development and Mines ("**ENDM**") on February 23, 2015. As of December 31, 2020, bonding of C$186 million has been posted pursuant to the closure plan. The reclamation and closure cost obligation for the Rainy River Mine as at December 31, 2020 was estimated to be $81.4 million (C$91.5 million). This is a C$10 million increase from 2019 and primarily attributed to the increase in the impacted areas of the east mine rock stockpile, the TMA, and a small area of the west mine rock stockpile. Details and quantification of New Gold's reclamation and closure costs obligations are set out in Note 15 of the Company's audited consolidated financial statements for the year ended December 31, 2020. An updated closure plan was approved and filed by ENDM on September 14th, 2020.

Mineral Reserve and Mineral Resource Estimates

The Rainy River Mine Mineral Reserves, effective December 31, 2020, are summarized in the "Mineral Reserves" table on page 16. The Rainy River Mine Mineral Resources, effective December 31, 2020, are summarized in the "Measured and Indicated Mineral Resources (Exclusive of Mineral Reserves)" table on page 17 and "Inferred Mineral Resources" table on page 18. See "Description of Business – Summary of Mineral Reserves and Mineral Resources" on page 15. The parameters, assumptions and methodologies applied in generating the Mineral Reserve and Mineral Resource estimates are considered reasonable and appropriate. Furthermore, the mining, metallurgical, infrastructure, permitting and other relevant factors relating to the Rainy River Mine Mineral Reserves and Mineral Resources fully support these estimates.

Mining Operations

The Rainy River Mine commenced processing ore on September 14, 2017. Commercial production was achieved on October 19, 2017. The life of mine plan announced on February 13, 2020, projects the life of the Rainy River Mine to extend to 2028 based on current Mineral Reserves and throughput levels.

The open pit mine plan considers mining a smaller pit shell than the previous life of mine plan that focuses on mining open pit ore at a strip ratio of 2.53:1 (waste:ore) over a mine life from 2020 to 2024, with full depletion of the open pit in early 2025. The operating cut-off grade increased in the February 2020 life of mine plan to a range of 0.46-0.49 g/t gold eq. (from 0.30 g/t), however, the lower grade open pit ore (0.30-0.46/0.49 g/t gold eq.) will continue to be stockpiled for processing during the underground mine life, which continues beyond the completion of open pit mining.

The life of mine plan for the Rainy River Mine includes a component of underground mining. Development of the underground Intrepid Zone began in 2018 but was suspended late that year in order to review and optimize the underground mine plan. The underground mine plan was evaluated in the February 2020 life of mine plan on a zone-by-zone basis and it includes mining areas that provide optimal profitability at a gold price of $1,275 per ounce. Work on the Intrepid Zone restarted in September 2020. Underground mining is expected to begin in 2022 and ramps-up over the underground mine life with peak production from 2025 to 2027. All gold ounces located in zones that did not meet the profitability threshold have been removed from the underground mine plan. The underground mine will be accessed via five portals, including four in-pit portals, as well as the Intrepid zone portal located to the east of the open pit. There remains potential for underground mine life extension should the gold price environment support the inclusion of additional mining areas during the underground mine life and/or exploration efforts increase the resource inventory.

Mining Methods

Surface mining uses a conventional truck/shovel open-pit mining method, with 10 metre benches. The pit was designed considering the geology of the bedrock, which is considered to have a good rock mass rating and geological strength index for an open pit design. The underground component of the mine plan is designed as a mechanized ramp access mine that will use longitudinal longhole open stoping techniques. The underground mine will use two different mining methods that include blind up-hole longitudinal longhole open stoping without backfill and downhole longitudinal longhole open stoping with backfill.

Recovery Methods

Run-of-mine material is delivered to a common gyratory crusher for size reduction, stockpiling and delivery to the processing plant. The processing plant is a SAG/ball mill/crusher circuit feeding a whole-ore-leach gold-silver recovery plant. A portion of the coarser material is subjected to a gravity circuit. The gravity concentrate is sent to a cyanidation reactor and electrowinning cell for gold and silver extraction. Ground mineralized material will be thickened, passed through a leaching and carbon-in-pulp extraction circuit, and subjected to carbon stripping and electrowinning prior to being smelted into a gold-silver doré. In 2020, the Company optimized the milling process throughout in 2020 to increase

throughput to approximately 24,000 tpd. The average run rate for the second half of 2020 was just under 27,000 tpd. In 2021, this optimization work will continue, and the mill facility is planned to average between 26,200 – 26,400 tonnes per day.

Capital and Operating Costs

During 2020, the Rainy River Mine produced 233,201 gold equivalent ounces (including 228,919 ounces of gold and 127,390 ounces of silver). The average realized gold price per ounce was $1,561. The Rainy River Mine had an operating expense per ounce of gold equivalent ounce of $906 and all-in sustaining costs of $1,562 per gold equivalent ounce. The Company announced guidance for 2021 on February 10, 2021 that the Rainy River Mine is expected to produce between 270,000 and 290,000 gold equivalent ounces with expected total cash costs per equivalent ounce between $715 and $795, an expected operating expense per gold equivalent ounce of $715 - $795 and all-in sustaining cost of between $1,125 and $1,225 per gold equivalent ounce. The February 10, 2021 guidance also stated that sustaining capital expenditures at the Rainy River Mine are expected to be approximately $95 - $125 million in 2021. Below is a breakdown of expected capital expenditures and expected all-in sustaining costs at the Rainy River Mine for 2021 based on the February 10, 2021 guidance. All-in sustaining costs per gold equivalent ounce, sustaining capital and growth capital are non-GAAP measures. See "Non-GAAP Measures" on page 5.

Gold equivalent ounces for Rainy River include silver ounces produced converted to a gold equivalent based on a ratio of reference commodity prices. In 2021, the Company will report production on a gold equivalent basis using a constant ratio of $1,800 per gold ounce, $25 per silver ounce and $3.50 per pound copper, and a foreign exchange rate of C1.28 to one United States dollar. 2021 guidance assumes a foreign exchange rate of C$1.28 to one United States dollar.

2021 Expected Capital Expenditures[1]	
Sustaining Capital and Sustaining Leases[2]	$95 – $125
Growth Capital[2]	$10 – $15
Total	$105 – $140

2021 Expected All-in Sustaining Costs/ gold eq oz sold	
Operating Expense	$715 – $795
+ sustaining expenditures[3]	~$420
Total All-in Sustaining Costs	$1,125 - $1,225

(1) In millions.

(2) Based on the Company's 2021 estimated capital expenditures. Includes sustaining leases. Sustaining capital excludes expenditures related to growth-related initiatives. Growth capital excludes sustaining capital.

(3) Includes sustaining capital, capitalized mining, capitalized and expensed exploration that is sustaining in nature, environmental reclamation costs and sustaining leases. See "Non-GAAP Financial Performance Measures" in New Gold's MD&A.

Development and Exploration

Annual dam raises are planned for completion from 2020 to 2025, inclusive. A dam raise is planned for the second half of 2021. Growth capital expenditure in 2021 will focus on the development of the decline towards the Intrepid underground ore zone that will continue during the year as well as refinement of the of the long-hole mining methodology and block model to evaluate the potential to bring forward production from the Intrepid Zone from 2023 to early 2022. The Company will also focus on optimizing the operational and cost performance of the Rainy River Mine with the objective of outperforming the estimates in the Rainy River Technical Report.

During 2021 the Company will progress the first-pass exploration drilling program of up to 8,000 meters planned to test priority targets on the north-east portion of the broader regional mineral tenure (the "**NE Trend**") to identify areas of potential gold mineralization and define targets for follow-up drill testing. Reconnaissance level exploration is also

planned in 2021 to identify new areas of potential gold mineralization within the Company's broader regional mineral tenure.

NEW AFTON MINE, CANADA

Project Description, Location, Access and Other Information

The New Afton Mine is located approximately 350 kilometres northeast of Vancouver in the south-central interior of British Columbia. The property is 10 kilometres from the regional hub of Kamloops and is readily accessible year-round by paved road. The mine has a continental, semi-arid climate, with light winter snow and infrequent rain during the spring, summer and fall. Summer temperatures can reach 38 degrees Celsius and winter temperatures are generally at, or near, freezing.

The New Afton Mine occupies the site of the historic Afton mine and includes an open pit (currently inactive), underground workings and support facilities. The New Afton deposit extends to the southwest from immediately beneath the Afton open pit. As it is currently defined, the deposit hosts a Mineral Resource comprised of the A&B-Zones (inclusive of B3 Zone), the C-Zone and the Hanging Wall Lens. The A&B-Zones host the portion of the Mineral Reserve currently being mined, with the B3 and C-Zones hosting additional Mineral Reserves located immediately below the A&B-zone. The Hanging Wall Lens is a satellite Mineral Resource located adjacent to the historic Afton open pit which is not currently part of the New Afton Mineral Reserve.

The Company's holdings in the area comprise the Afton group of claims and the Ajax group of claims. The New Afton Mine lies within the Afton group. The Afton group consists of a 902-hectare mining lease issued by the Ministry of Energy, Mines and Low Carbon Innovation (formerly the Ministry of Energy, Mines and Petroleum Resources) on November 29, 2006 ("**Afton Mining Lease**") and 69 mineral claims totaling 17,058 hectares. The Company also holds surface rights on approximately 2,300 hectares surrounding the New Afton Mine. Sufficient surface rights have been obtained for current operations at the property.

Ontario Teachers' has a 46.0% free cash flow interest in the New Afton Mine with a JV Interest Option to convert the interest into a 46.0% joint venture interest in four years, or have its interest remain as a free cash flow interest at a reduced rate of 42.5%. See "General Development of the Business – Developments – Mines and Projects – New Afton Mine" on page 10.

History

The first significant mining-related activity in the Afton area commenced in 1970, when drilling by Afton Mines Ltd. intercepted 52 metres of 0.4% copper in what ultimately became the Afton deposit. During the subsequent three years, over 45,700 metres of drilling was carried out by a number of operators.

Teck Corporation and Iso Mines Ltd. acquired the Afton property in 1973 and initiated engineering and metallurgical studies. Commercial production commenced at the Afton open pit mine in late 1977. Mining took place at the Afton, Crescent, Pothook and Ajax pits. The mine closed in 1997.

In 1999, the Company acquired an option on the property, staked additional claims and in 2000 began a concerted exploration program to test the potential for additional mineralization extending beyond the Afton open pit. This work resulted in the successful delineation of the New Afton underground mineral resource.

Geological Setting, Mineralization and Deposit Types

The New Afton deposit is a copper-gold, alkalic porphyry system situated within the Iron Mask batholith complex. The Iron Mask complex is part of the Paleozoic age island-arc assemblage known as the Quesnel Terrane. Regional-scale fault zones are believed to be the principal control to intrusion of the batholithic rocks and related copper and gold mineralization in the New Afton area.

Mineralization is characterized by discontinuous copper sulphide veinlets and disseminations (principally chalcopyrite and minor bornite) at brecciated margins between altered porphyry intrusives and volcanic rocks of the Triassic Nicola Formation. The copper sulphides are replaced by tennantite-tetrahedrite locally and along faults that transect the mineralized body. Native copper with accessory chalcocite occurs in minor amounts within highly oxidized near-surface portions of the deposit. Gold and silver generally occur as electrum grains within the chalcopyrite and bornite.

The bulk of the New Afton deposit forms a tabular, nearly vertical, southwest-plunging zone of continuous mineralization measuring 1.4 kilometres long by approximately 100 metres wide, with a down-plunge extent of over 1.5 kilometres. The deposit plunges toward the southwest where it remains open at depth.

Exploration and Drilling

The Company initiated surface drilling at New Afton in 2000, and in 2001 completed an initial scoping study which was followed by further definition drilling. A subsequent more advanced scoping study was completed in 2004.

In November 2004, an underground access portal was excavated in the former Afton open pit and a ramp driven 2,200 metres to provide access for underground sampling, infill drilling and further exploration drilling.

In late 2005 New Gold commissioned a Feasibility Study which was completed in 2007 and laid the foundation for the current mining operation. Exploration prior to and subsequent to the 2007 Feasibility Study has focused primarily on the delineating Mineral Resources within and immediately adjacent to the New Afton deposit. Exploration beyond the limits of the deposit has involved preliminary scout drilling of satellite targets identified within the Afton Mining Lease and generative reconnaissance level exploration of the Company's broader regional mineral tenure.

During the period from 2000 through 2020 a series of diamond bit core drilling campaigns have been conducted at New Afton to delineate the Mineral Resource currently being mined and additional resources located in the adjacent Hanging Wall Lens zone to the south and underlying C-Zone. Additionally, reconnaissance scout drilling has been conducted to test the potential of other exploration targets located within the Afton Mining Lease. Drilling completed within the New Afton deposit from 2000 to May 31, 2020 comprises 594 core holes totaling 290,350 metres, the results of which have been incorporated into the Company's Mineral Reserve and Mineral Resource estimates.

During 2020 New Gold completed 38 diamond core drill holes for a total of 18,549 meters. Of these 10,550 meters in 21 holes were completed from underground exploring for down plunge mineralization at depth directly below SLC (Sub Level Cave) in an area defined as East Extension zone; 471 meters in two holes were drilled from underground within the D zone, directly underneath the base of the C-Zone Block Cave shape, 1,012 meters in three holes were drilled from surface within the Mining Lease area targeting potential mineralization related with geophysical and geological targets, and 6,516 meters in 14 holes were drilled from surface as first-pass exploration within the Cherry Creek Trend area. Drill hole assay results for underground holes drilled to May 31, 2020 have been incorporated into the December 31, 2020 Company's Mineral Reserve and Mineral Resource estimates.

New Gold has likewise completed a series of airborne and ground-based geophysical surveys over its mineral tenure in the immediate mine area and broader region. The results of this work are being used to support ongoing exploration of the New Afton district.

Sampling, Analysis and Data Verification

Sampling protocols have remained generally consistent among the different drill campaigns with a few incremental improvements over time. Sampling intervals have averaged two metres in all campaigns since 2003. Routine insertion of blanks and standards into the sample stream has been conducted since 2005. Drilling protocols in place at New Afton meet or exceed common industry standards.

Sample preparation, which involves drying, crushing and pulverizing rock to produce a pulp sample sufficient for analysis, has been conducted according to accepted industry practice. Analytical work prior to July 2012 was conducted by ALS Global of Kamloops, British Columbia (formerly EcoTech Laboratories Ltd.). Since July 2012, sample preparation and analyses have been performed by Activation Labs of Kamloops, British Columbia. Analytical procedures for samples collected during the 2000-2003 drilling programs included conventional fire assay with an AA or ICP finish for gold and palladium, and AA for copper and silver. During 2005 and all subsequent drilling programs, copper and silver assays were determined using standard acid digestion followed by an AA finish. Gold and palladium were determined using fire assay followed by an AA finish. Each laboratory employs an internal QA/QC program in accordance with its accreditation requirements. Additionally, the Company employs a separate set of best practice QA/QC protocols for all of its exploration and resource definition sampling programs. These protocols involve a combination of routine checks and duplicate analyses on a minimum of 25 percent of the total number of samples analyzed to assure acceptable levels of sampling accuracy and precision are maintained.

Sampling and analytical protocols are considered to have been appropriate and consistent with common industry practice, data quality is adequate for resource estimation, and protocols for data acquisition and management are reasonable. The results of data verification as well as 2020 mine production and reconciliation data indicate the data collected for Mineral Resource definition at the New Afton Mine adequately reflect deposit dimensions, style, and true widths of mineralization.

Mineral Processing and Metallurgical Testing

Metallurgical testing was performed to evaluate the mineralogy of the deposit and contribute to the design of the New Afton Mine's processing plant and tailings facility. A number of studies and tests were performed as part of the testing program, including mineralogical studies, modal analysis, grinding tests, flotation tests, gravity tests, variability tests and dewatering tests. It was determined that conventional crushing, grinding and concentration processes were appropriate given the mineralogy of the deposit.

The deposit consists primarily of primary hypogene sulphide mineralization, but some secondary supergene sulphide and native copper mineralization is also present. Localized elevated arsenic concentrations in the deposit which may pose an economic concern for the concentrate produced are mitigated through ore blending. Supergene ore comprised a portion of the New Afton mill feed in 2019 and 2020 and is expected to again comprise a portion of the mill feed again in 2021. Metallurgical studies investigated gravity separation, jigging, dense media separation and coarse particle flotation methods to address the requirements of the supergene ore. An additional supergene recovery circuit was completed in 2019 and is operating at target recoveries and utilization. The mineralogy in the C-Zone is expected to be consistent with the hypogene sulphide mineralization in the west cave of New Afton's B-Zone and C-Zone would use the same development, production and materials handling strategies that are currently being used to mine the B-zone.

Mineral Resources (Exclusive of Mineral Reserves)" table on page 17 and "Inferred Mineral Resources" table on page 18. See "Description of Business – Summary of Mineral Reserves and Mineral Resources" on page 15. The parameters, assumptions and methodologies applied in generating the Mineral Reserve and Mineral Resource estimates are considered reasonable and appropriate. Furthermore, the mining, metallurgical, infrastructure, permitting and other relevant factors relating to the New Afton Mineral Reserves and Mineral Resources fully support these estimates.

The February 2020 life of mine plan incorporates stabilization projects to increase stability of the current and historical tailings, with TAT deposition planned for the C-Zone ore portion. The TAT process is designed to produce a non-flowable tailings product. To support TAT placement, in 2021, a tailings thickener and associated auxiliary equipment will be integrated to process the combined rougher and cleaner-scavenger tailings. The thickened product will be placed into the New Afton tailings storage facility. In 2022, a cement amendment system will be integrated to strengthen the tailings to facilitate deposition into the historic Afton open pit and historic Afton tailings storage facility.

Mining Operations

The New Afton Mine began commercial production on July 31, 2012 and has a current projected life extending to 2030 based on the February 2020 life of mine plan and the current Mineral Reserves. Lower production is expected for the period of 2021 to 2024, until the C-Zone begins production.

Mining Methods

The New Afton Mine is a block cave mining operation. Other mining methods, including open pit mining and sublevel caving, were considered but block caving was chosen for the New Afton deposit because this method starts from the bottom and is conducive to large-scale low-cost mining. Ore is transported from the drawpoints, on the extraction level, by a load haul dump loader ("**LHD**") to an ore pass. The ore is then re-handled on the haulage level by an LHD and loaded into a haul truck. The haul truck transports the ore to the underground gyratory crusher and the crushed ore is conveyed to surface.

There are three general zones at the mine, located beneath and to the west of the historic Afton open pit – Lift 1 (B1 & B2), B3 and C-Zone. Production is coming from Lift 1 where there are two panel caves (west and east) in operation. Pillar recovery by retreat mining is underway for material in the apex pillars of the West Cave. Beneath a portion of the East Cave, recovery sub-levels may be planned to recover remaining ore using front cave and sub-level cave mining methods.

The mine plan for 2021 was adjusted following the tragic mud-rush event that occurred on February 2, 2021. The adjusted plan contemplates lower tonnes mined from the recovery level of Lift 1 in 2021, extraction of ore tonnes being done remotely. It is expected that mining on Lift 1 will ramp-up to return to pre-incident mining rates in the second quarter, which is expected to be maintained over the balance of the year. The recovery level is expected to be fully exhausted in 2022.

In the B3 block cave, located 160 m below and immediately to the west of Lift 1, ore will be hauled by truck to the existing gyratory crusher. In the C-Zone block cave, located 550 m below and to the west of Lift 1, ore will be hauled by LHD from the drawpoints to the ore passes and then to a new crusher to be installed for the C-Zone also by LHD, without use of haul trucks. The ore will then be conveyed from the crusher to a junction with the existing conveyor for movement to surface.

The operation is planned to produce 4 to 6 Mtpa of copper-gold ore for processing over the life of mine. Waste mined as part of development activities is transported to surface by conveyor and deposited in an area apart from the ore via a belt plow. The waste is then trucked to an area on the edge of the historic Afton mine pit. Less than 5% of the mined rock is treated in this manner.

Recovery Methods

The process plant has been in operation since 2012. Throughput in the process plant has been averaging above the nameplate of 11,000 tpd since early 2013. A mill expansion was completed in 2015 to add a tertiary stage of grinding and additional flotation cleaning capacity. This allowed throughput to increase to a peak average of 16,420 tpd in 2017. Throughput for 2020 averaged approximately 15,100 tpd. For 2021, the throughput is expected to be maintained throughout the year at approximately 14,400 tonnes per day, incorporating the current surface stockpiles to supplement the lower tonnes mined.

To process supergene ore, which commenced in 2019, gravity recovery capacity was added to the ball mill circuit and increased in each of the tertiary and regrind circuits. In the ball mill circuit, two inline pressure jigs (one rougher and one cleaner) were installed along with a magnetic separator for removal of magnetite and a portion of the hematite from the cleaner jig concentrate. The jigs were selected for the ball mill circuit primarily due to their ability to process a coarse feed compared to flotation or centrifugal concentrators.

The flowsheet changes were made primarily to recover native copper, however, the jigs have also recovered native gold associated with the supergene ore. Life-of-mine recoveries are expected to average 90% for copper and 87% for gold. Recoveries in 2021 are expected to be 75% - 80% for copper and 78% - 80% for gold, with lower recoveries related to a higher proportion of supergene ore and a greater use of stockpiles to supplement mine production.

Capital and Operating Costs

During 2020, the New Afton Mine produced 204,416 gold equivalent ounces (including 64,220 ounces of gold and 72.1 million pounds of copper). The average realized gold price per ounce was $1,553 and the average realized copper price per pound was $2.86. The New Afton Mine had an operating expense per ounce of gold equivalent ounce of $657 and all-in sustaining costs of $1,064 per gold equivalent ounce. On February 18, 2021, the Company announced guidance for 2021 that the New Afton Mine is expected to produce between 52,000 – 62,000 ounces of gold and 56 – 66 million pounds of copper with expected total cash costs per gold equivalent ounce of $930-$1,010, an expected operating expense per gold equivalent ounce sold of between $820 – $900 per ounce and all-in sustaining cost of between $1,225 – $1,325 per gold equivalent ounce. Below is a breakdown of expected capital expenditures and expected all-in sustaining costs at the New Afton Mine for 2021 based on the February 18, 2021 guidance. All-in sustaining costs per gold equivalent ounce, sustaining capital and growth capital are non-GAAP measures. See "Non-GAAP Measures" on page 10.

Gold equivalent ounces for New Afton include gold, copper and silver ounces produced converted to a gold equivalent based on a ratio of reference commodity prices. In 2021, the Company will report production on a gold equivalent basis using a constant ratio of $1,800 per gold ounce, $25 per silver ounce and $3.50 per pound copper, and a foreign exchange rate of C1.28 to one United States dollar. 2021 guidance assumes a foreign exchange rate of C$1.28 to one United States dollar.

2021 Expected Capital Expenditures[1]	
Sustaining Capital and Sustaining Leases[2]	$40 – $60
Growth Capital[2]	$80 – $110
Total	$120 – $170

2021 Expected All-in Sustaining Costs/ gold eq oz sold	
Operating Expense	$820 – $900
+ treatment and refining charges	~$110
+ sustaining expenditures[4]	~$305
Total All-in Sustaining Costs	$1,225 – $1,325

(1) In millions.

(2) Based on the Company's 2021 estimated capital expenditures. Sustaining capital excludes expenditures related to growth-related initiatives. Growth capital excludes sustaining capital.

(3) Includes sustaining capital, capitalized mining, capitalized and expensed exploration that is sustaining in nature, environmental reclamation costs and sustaining leases. See "Non-GAAP Financial Performance Measures" in New Gold's MD&A.

Development and Exploration

The development of the C-Zone will continue to be advanced through to 2024, with production expected to begin in the second half of 2024. Growth capital for the year is expected to be between $80 million - $110 million and is primarily related to the advancement of the C-Zone project, focused on mine development, with a total of approximately 4,000 metres of development planned for the year, and construction of the TAT facility, with the commissioning of the thickener expected in the fourth quarter of 2021. Stabilization work related to the Historic Afton Tailings Facility, as well as the current tailing facilities, will continue during the year. During 2021, sustaining capital projects will continue to focus on advancing the development of the B3 Zone. A total of approximately 1,350 metres of development are planned for the year. Lateral development completed in 2020 is sufficient to support the initiation of cave construction that positions B3 for production beginning in the second quarter of the year. Total capital for the life of mine ($175 million and $460 million in sustaining and non-sustaining capital, respectively) is expected to remain high through 2023, primarily related to the development of the C-Zone and decrease significantly from 2024 to 2026, with minimal capital over the balance of the mine life.

The initial phase of an exploration drilling program of up to 10,000 meters will be completed in 2021 on priority targets within the Cherry Creek Trend area and follow-up drilling will be planned based on data interpretation. Reconnaissance level exploration is also planned in 2021 to identify new areas of potential gold and copper mineralization within the Company's broader regional mineral tenure.

CERRO SAN PEDRO MINE, MEXICO

The Cerro San Pedro Mine was an open-pit gold and silver heap leach operation located in central Mexico in the state of San Luis Potosí, approximately 400 kilometres north of Mexico City and 14 kilometres east of the city of San Luis Potosí. The mine is owned by the Company's wholly owned subsidiary, Minera San Xavier S.A. de C.V. ("**MSX**"). The Cerro San Pedro Mine concluded active mining operations in June 2016 and transitioned to reclamation in December 2018.

Mine Closure

The schedule for completing the activities relating to the closure of Cerro San Pedro is dictated by the environmental authorization for the mine. The site reclamation must be completed within four years of final processing, including any demolition of processing plants, maintenance shop and buildings; reforestation of waste dumps; and detox, washing, rinsing, and reforestation of the heap leach pad. MSX has posted reclamation security of approximately $15.5 million with the Mexican environmental regulatory agency, SEMARNAT, under the general law for ecological balance and environmental protection. As at December 31, 2020, the Company has posted this security in the form of an irrevocable standby letter of credit. The reclamation and closure cost obligation for the Cerro San Pedro as at December 31, 2020 is estimated to be $3.6 million. Details and quantification of New Gold´s reclamation and closure cost obligations are set out in Note 15 of the Company´s audited consolidated financial statements for the year ended December 31, 2020. New Gold expects to incur this obligation between 2021 and 2023.

RISK FACTORS

New Gold's business activities are subject to significant risks, including, but not limited to, those described below. Every investor or potential investor in New Gold securities should carefully consider these risks. Any of the following risks could have a material adverse effect on the Company, its business and prospects, and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Additional risks related to our material properties are discussed in the technical reports and other documents filed by the Company from time to time on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). In addition, other risks and uncertainties not presently known by management of the Company or that management currently believes are immaterial could affect the Company, its business and prospects.

COVID-19

The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent of the COVID-19 pandemic is unknown and to date the impacts of the pandemic have included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold) and the prospect of an extended global recession. Efforts to fight the COVID-19 pandemic have been taken by national and local governments and businesses that have had significant impact on the economy and on individual businesses, including New Gold. There was a temporary two-week shutdown of the Rainy River Mine from March 20 to April 2, 2020 to allow the local workforce to complete a 14-day period of self-isolation recommended by the Canadian government after travel outside of Canada, as frequent border crossings to the United States are a common practice in the region near the mine. On April 3, 2020, operations resumed using a local workforce with operations gradually ramping up (please refer to the Company's April 3, 2020 press release for further information).

Both the British Columbia and Ontario provincial governments have during the course of the COVID-19 pandemic ordered non-essential businesses to close to help stop the spread of COVID-19. As of the date hereof, New Gold's operations fit within the current list of essential businesses related to these orders; however, there is no guarantee that New Gold's operations will not be suspended or shut-down, in whole or in part, in the future as a result of the COVID-19 pandemic. The Company has currently implemented measures to prevent the spread of COVID-19 at its operations and these measures have impacted the Company's productivity and may continue to do so in the future. Canadian and provincial governments, as well as other relevant jurisdictions may introduce new, or modify existing, laws, regulations, orders or other measures that could impact our ability to operate or affect our suppliers or customers. The responses of the Canadian and provincial governments, as well as governments in other relevant jurisdictions may be insufficient to contain the impact of the COVID-19 pandemic and this could also impact our employees, suppliers, customers, local communities and other stakeholders, which could impact our ability to operate. The COVID-19 pandemic and responses to it may also lead to an economic recession or downturn that materially adversely affects the Company's operations or liquidity position.

While the Company has implemented strict detection and prevention protocols to reduce the spread of the virus at its sites and within local communities, employees and contractors may test positive for COVID-19 and this may impact the health of the Company's workforce and the health of the surrounding community, which may result in the limitation or suspension of the Company's operations where such COVID-19 cases occur. If any such limitation or suspension occurs, production may be reduced. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition.

CHANGES IN METAL PRICES

The Company's earnings, cash flows and financial condition are subject to risk due to fluctuations in the market price of gold, copper and silver. World gold prices have historically fluctuated widely. World gold prices are affected by numerous factors beyond the Company's control, including:

- the strength of the United States economy and the economies of other industrialized and developing nations;
- global and regional political and economic conditions;
- the relative strength of the United States dollar and other currencies;
- expectations with respect to the rate of inflation;
- interest rates;
- purchases and sales of gold by central banks and other large holders, including speculators;
- demand for jewellery containing gold;
- investment activity, including speculation, in gold as a commodity; and
- worldwide production.

The price of gold was $1,891 per ounce as at December 31, 2020, compared to $1,523 as at December 31, 2019. Future metal price declines could cause continued development of, and commercial production from, the Company's properties to be uneconomic. In addition, there is a time lag between the shipment of gold and copper and final pricing, and changes in pricing can significantly impact the Company's revenue and working capital position. Depending on the price of gold, copper and silver, the Company's cash flow from mining operations may be insufficient to meet its operating needs and capital expenditures, and as a result the Company could experience losses and/or may curtail or suspend some or all of its exploration, development, construction and mining activities (including residual leaching) or otherwise revise its mine plans and exploration, development and construction plans, and could lose its interest in, or be forced to sell, some or all of its properties.

Reserve calculations and mine plans that are revised using significantly lower gold, copper, silver and other metal prices could result in significant reductions in estimated Mineral Reserves and Mineral Resources as well as revisions in the Company's life of mine plans, which in turn could result in material write-downs of the Company's investments in mining properties and increased depletion, reclamation and closure charges. Depending on the price of gold or other metals, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site. Metal price fluctuations also create adjustments to the provisional prices of sales made in previous periods that have not yet been subject to final pricing, and these adjustments could have an adverse impact on the Company's financial results and financial condition. In addition, cash costs and all-in sustaining costs of gold production are calculated net of by-product credits, and therefore may also be impacted by downward fluctuations in the price of by-product metals. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition.

In addition to adversely affecting the Company's Mineral Reserve and Mineral Resource estimates and its financial condition, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project or mine. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project or mine. Even if a project or mine is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays and/or may interrupt

operations until the reassessment can be completed, which may have a material adverse effect on the Company's results of operations and financial condition.

From time to time the Company engages in commodity hedging transactions intended to reduce the risk associated with fluctuations in commodity prices, but there is no assurance that any such commodity hedging transactions designed to reduce the risk associated with fluctuations in commodity prices will be successful. Hedging may not protect adequately against declines in the price of the hedged commodity. Furthermore, although hedging may protect the Company from a decline in the price of the commodity being hedged, it may also prevent the Company from benefiting from price increases.

PRODUCTION ESTIMATES

Forecasts of future production are estimates based on interpretation and assumptions, and actual production may be less than estimated. Unless otherwise noted, the Company's production forecasts are based on full production being achieved at all of its mines. The Company's ability to achieve and maintain full production rates at these mines is subject to a number of risks and uncertainties, the occurrence of any of which could result in delays, slowdowns or suspensions and ultimately, the failure to achieve and maintain full production rates. The Company's production estimates are dependent on, among other things, the accuracy of Mineral Reserve and Mineral Resource estimates, the accuracy of its life of mine plans, the accuracy of assumptions regarding ore grades and recovery rates, weather conditions, ground conditions, physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, the accuracy of estimated rates and costs of mining and processing, including without limitation, operating expenses, cash costs and all-in sustaining costs, mill availability, reliability of equipment and machinery, the performance of the processing circuit or other processes, water supply and/or quality, the receipt and maintenance of permits and the availability of a sufficient amount of people to perform the work necessary to maintain production as estimated. The Company's actual production and other projected economic and operating parameters may not be realized for a variety of reasons, including those identified under the heading "Operating Risks" below. The failure of the Company to achieve its production estimates could have a material adverse effect on the Company's prospects, results of operations and financial condition.

COST ESTIMATES

The Company prepares estimates of operating costs, capital costs and closure costs for each operation and project. The Company's actual costs are dependent on a number of factors, including the exchange rate between the United States dollar and the Canadian dollar and, to a lesser extent, Mexican peso, smelting and refining charges, penalty elements in concentrates, royalties, the price of gold and by-product metals, the cost of inputs used in mining operations and production levels.

New Gold's actual costs may vary from estimates for a variety of reasons, including changing waste-to-ore ratios, ore grade metallurgy, weather conditions, ground conditions, labour and other input costs, commodity prices, general inflationary pressures and currency exchange rates, as well as those risks identified under the heading "Operating Risks" below. Failure to achieve cost estimates or material increases in costs could have an adverse impact on New Gold's future cash flows, profitability, results of operations and financial condition.

CONSTRUCTION RISKS

As a result of the substantial expenditures involved in development projects, development projects are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines or new areas of

operating mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Construction costs and timelines can be impacted by a wide variety of factors, many of which are beyond the control of the Company. These include, but are not limited to, weather conditions, ground conditions, performance of the mining fleet and availability of appropriate material required for construction, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates and availability of accommodations for the workforce.

Project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a project. The timeline to obtain these government approvals is often beyond the control of the Company. A delay in start-up or commercial production of a development project would increase capital costs and delay receipt of revenues.

The New Afton B3 Zone and C-Zone project, including the TAT facility, is currently in the construction stage of its development. Given the inherent risks and uncertainties associated with mine development, there can be no assurance that the construction will continue in accordance with current expectations or at all, or that construction costs will be consistent with the budget, or that the mine will operate as planned.

VOLATILITY IN THE MARKET PRICE OF THE COMPANY'S SECURITIES

The Common Shares are listed on the TSX and NYSE American. The per share price of the Common Shares on the TSX fluctuated from a high of C$2.96 to a low of C$0.55 and on the NYSE American from a high of $2.26 to a low of $0.39 during the twelve-month period ending December 31, 2020. There can be no assurance that continual fluctuation in price will not occur.

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, currency fluctuations and market perceptions of the attractiveness of particular industries. Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares including: the extent of analytical coverage available to investors concerning the Company's business, especially if investment banks with research capabilities do not continue to follow the Company's securities; the lessening in trading volume and general market interest in the Company's securities, including where this affects an investor's ability to trade significant numbers of Common Shares; and the size of the Company's public float, particularly if it limits the ability of some institutions to invest in the Company's securities. The price of the Common Shares is also likely to be significantly affected by short-term changes in the price of gold, and, to a lesser extent, copper and silver, the Company's financial condition and results of operations as reflected in its quarterly financial statements and other operational and regulatory matters.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect New Gold's long-term value. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. New Gold may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

GOVERNMENT REGULATION

The mining, processing, development, exploration and reclamation and closure activities of the Company are subject to various laws governing prospecting, development, production, exports, imports, taxes, labour standards and

occupational health and safety, mine safety, toxic substances, waste disposal, environmental protection and remediation, protection of endangered and protected species, land use, water use, land claims of local people, relations with local First Nations and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have a material adverse effect on the Company's financial position and results of operations. Amendments to current laws, regulations and permits governing operations or development activities and activities of mining and exploration companies, or the application of existing laws, regulations and permits (including a more stringent or different application), could have a material adverse impact on the Company's results of operations or financial position, or could result in abandonment or delays in the development of new mining properties or the suspension or curtailment of operations at existing mines. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against the Company, including orders issued by regulatory or judicial authorities causing operations or development activities to cease or be curtailed or suspended, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions (see also "Permitting" below). Additionally, the Company could be forced to compensate those suffering loss or damage by reason of its mining operations or exploration or development activities and could face civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Any such regulatory or judicial action could materially increase the Company's operating costs and delay or curtail or otherwise negatively impact the Company's operations and other activities.

PERMITTING

The Company's operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals, including regulatory relief or amendments, (collectively, "**permits**") from appropriate governmental authorities. Before any development on any of its properties the Company must receive numerous permits, and continued operations at the Company's mines are also dependent on maintaining, complying with and renewing required permits or obtaining additional permits.

New Gold may be unable to obtain on a timely basis or maintain in the future all necessary permits required to explore and develop its properties, commence construction or operation of mining facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for the Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may be suspended, revoked or lapse for a variety of reasons, including through government or court action. New Gold is currently anticipating receiving permits for the B3/C-Zone project, including the TAT facility, at the New Afton Mine.

In the past there have been challenges to the Company's permits that were temporarily successful as well as delays in the renewal of certain permits or in receiving additional required permits. There can be no assurance that the Company will receive or continue to hold all permits necessary to develop or continue operating at any particular property or to pursue the Company's exploration activities. To the extent that required permits cannot be obtained or maintained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties. Even if permits or renewals are available, the terms of such permits may be unattractive to the Company and result in the applicable operations or activities being financially unattractive or uneconomic. Any inability to obtain or maintain permits or to conduct mining operations pursuant to applicable permits could materially reduce the Company's production and cash flow and could undermine its profitability.

DEPENDENCE ON THE RAINY RIVER AND NEW AFTON MINES

The Company's operations at the Rainy River and New Afton Mines are expected to account for substantially all of the Company's gold and copper production in 2021. Any adverse condition affecting mining or milling conditions at the Rainy River Mine or New Afton Mine could have a material adverse effect on the Company's financial performance and results of operations.

Unless the Company acquires or develops other significant gold-producing assets, the Company will continue to be dependent on its operations at the Rainy River and New Afton Mines for its cash flow provided by operating activities.

OPERATING RISKS

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, copper and silver including unusual and unexpected ground conditions or geologic formations, seismic activity, fracturing, rock bursts, rock slides, mud rush, cave-ins, slope or pit wall failures, flooding, fire, explosions, metal losses, periodic interruption due to inclement or hazardous weather conditions and other conditions that would impact the drilling and removal of material or otherwise impact the safety and efficiency of mine operations. Block caving activities, including at the New Afton Mine, generally result in surface subsidence. The configuration of subsidence expression at surface is thought to be influenced by bedrock and structural geologic features such as weaker rock mass or faults. Subsidence is being monitored and evaluated on an ongoing basis. Surface subsidence or any of the above hazards and risks could result in reduced production, damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. In addition, production may be adversely impacted by operational problems such as a failure of a production hoist, filter press, SAG mill or other fixed or mobile equipment, or industrial accidents, as well as other potential issues such as actual ore mined varying from estimates of grade or tonnage, dilution, block cave performance and metallurgical or other characteristics, significant increases or decreases in precipitation resulting in an over or under supply of water, treated water quality that is too low to allow for discharge when needed, interruptions in or shortages of electrical power, shortages of required inputs, labour shortages or strikes, claims by or disagreements with First Nations and other indigenous groups, restrictions or regulations imposed by government agencies or changes in the regulatory environment. The Company's milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. In addition, short-term operating factors, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

The occurrence of one or more of these events may result in the death of, or personal injury to, employees, other personnel or third parties, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, deferral or unanticipated fluctuations in production, suspension, curtailment or termination of operations, environmental damage and potential legal liabilities, any of which may adversely affect the Company's business, reputation, prospects, results of operations and financial condition.

EXPLORATION AND DEVELOPMENT RISKS

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Major expenses may be required to locate and

establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, including but not limited to: the particular attributes of the deposit, such as accuracy of estimated size, continuity of mineralization, average grade and metallurgical characteristics (see "Uncertainty in the Estimation of Mineral Reserves and Mineral Resources" below); proximity to infrastructure; metal prices, which are highly cyclical (see "Changes in Metal Prices" above); and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection (see "Government Regulation" above). The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company being unable to receive an adequate return on invested capital.

Development projects are uncertain and capital cost estimates, projected operating costs, production rates, recovery rates, mine life and other operating parameters and economic returns may differ significantly from those estimated for a project. Development projects rely on the accuracy of predicted factors including capital and operating costs, metallurgical recoveries, reserve estimates and future metal prices. Development projects also rely on diligent capital management to prevent overspending. In addition, there can be no assurance that gold, copper or silver recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

At New Afton, the Company is developing the B3 and C-Zones. The Company may engage in other development and expansion activities at its operating mines from time to time. Expansion projects, including development and expansions of facilities and extensions to new ore bodies or new portions of existing ore bodies, have risks and uncertainties similar to development projects.

A project is subject to numerous risks during development including, but not limited to, the accuracy of feasibility studies, obtaining and complying with required permits, changes in environmental or other government regulations, securing all necessary surface and land tenure rights, consulting and accommodating First Nations and other indigenous groups and financing risks. In particular, the Company is actively engaged in consultation with various First Nations and other indigenous groups in connection with the New Afton B3 and C-Zones development. This engagement may be impacted by the British Columbia Declaration on the Rights of Indigenous Peoples Act. Unforeseen circumstances, including those related to the amount and nature of the mineralization at the development site, technological impediments to extraction and processing, legal challenges or restrictions or governmental intervention, infrastructure limitations, environmental issues, unexpected ground conditions or other unforeseen development challenges, commodity prices, disputes with local communities or other events, could result in one or more of New Gold's planned developments becoming impractical or uneconomic to complete. Any such occurrence could have an adverse impact on New Gold's growth, financial condition and results of operations. There can be no assurance that the Company's expansion and development projects will continue in accordance with current expectations or at all. See also "Permitting" above.

In 2020, the Company sold the Blackwater Project to Artemis Gold for consideration which included a $50,000,000 purchase price payment payable to the Company on August 21, 2021, equity securities of Artemis Gold and a gold stream on the Blackwater Project. Due to the nature of the consideration paid to New Gold by Artemis Gold in connection with the sale of the Blackwater Project, the Company has exposure to certain of the foregoing risks in respect of its ongoing investment in Artemis Gold and the Blackwater Project. Certain of the outstanding obligations of Artemis Gold to the Company have been secured by the Blackwater Project, but the Company could incur losses and expenses if

forced to realize on its security interest in the property in connection with a default by Artemis Gold. The Company may from time to time hold equity investments in other junior mining companies which are also subject to certain of the foregoing risks, as well as risks relating to the volatility of trading prices of the equity securities of junior mining companies with exploration and/or development projects. See "*Investment Risk*" below.

FINANCING RISKS

The Company's mining, processing, development and exploration activities may require additional external financing. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company. Furthermore, if the Company raises additional capital by offering equity securities or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. If raised through asset sales, the terms of such sales may not be favourable to the Company, and may reduce the assets and future economic performance of the Company. Failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development, construction or production of any or all of the Company's mineral properties. The cost and terms of such financing may significantly reduce the expected benefits from new developments or render such developments uneconomic.

NEED FOR ADDITIONAL MINERAL RESERVES AND MINERAL RESOURCES

Because mines have limited lives based on proven and probable mineral reserves, the Company continually seeks to replace and expand its Mineral Reserves and Mineral Resources. The Company's ability to maintain or increase its annual production of gold, copper and silver depends in significant part on its ability to find or acquire new mineral reserves and mineral resources and bring new mines into production, and to expand Mineral Reserves and Mineral Resources at existing mines. Exploration is inherently speculative. New Gold's exploration projects involve many risks and exploration is frequently unsuccessful. See "Exploration and Development Risks" above. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions. The mineral base of New Gold may decline if reserves are mined without adequate replacement.

UNCERTAINTY IN THE ESTIMATION OF MINERAL RESERVES AND MINERAL RESOURCES

Mineral Reserves and Mineral Resources are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves can be mined or processed profitably. Mineral Reserve and Mineral Resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, geotechnical factors (such as pit slope angles), marketing and other risks and relevant issues. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work, drilling or actual production experience.

Fluctuations in gold, copper and silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of Mineral Reserve and Mineral Resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render Mineral Reserves and Mineral Resources containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's Mineral Reserves and Mineral Resources. Mineral Resource estimates for properties that have not commenced production or at deposits that have not yet been exploited are based, in most instances, on very limited and widely-spaced drill hole information, which

is not necessarily indicative of conditions between and around the drill holes. There may also be outliers in the representative samples that may disproportionally skew the estimates. In a block cave mine, as a cave exhausts its reserves, it may experience dilution of grade. Accordingly, such Mineral Resource estimates may require revision as more geologic and drilling information becomes available and as actual production experience is gained. Should reductions in the Company's Mineral Resources or Mineral Reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in reduced net income or increased net losses and reduced cash flow. Mineral Resources and Mineral Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. In addition, the estimates of Mineral Resources, Mineral Reserves and economic projections rely in part on third-party reports and investigations. There is a degree of uncertainty attributable to the calculation and estimation of Mineral Resources and Mineral Reserves and corresponding grades being mined and, as a result, the volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Mineral Reserves and Mineral Resources, or of the Company's ability to extract these Mineral Reserves and Mineral Resources, could have a material adverse effect on the Company's projects, results of operations and financial condition.

Mineral Resources are not Mineral Reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that Mineral Resources will be upgraded to proven or probable Mineral Reserves.

UNCERTAINTY RELATING TO INFERRED MINERAL RESOURCES

Inferred Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Due to the uncertainty which may attach to Inferred Mineral Resources, there is no assurance that inferred Mineral Resources will be upgraded through further exploration to the measured and indicated resource classification level of confidence necessary for their potential conversion to proven or probable Mineral Reserves as a result of a pre-feasibility or feasibility level technical study.

IMPAIRMENT

On a quarterly basis, we review and evaluate our mining interests for indicators of impairment or impairment reversals. In the past, we have recognized material impairment losses. In 2018, a total impairment of $836.6 million was recorded in the second and fourth quarters in relation to the Rainy River Mine and a $218.2 million impairment was recorded in relation to the Blackwater Project. Impairment assessments are conducted at the level of cash-generating units ("**CGU**"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each operating mine, development and exploration project represents a separate CGU. If an indication of impairment exists, the recoverable amount of the CGU is estimated. An impairment loss is recognized when the carrying amount of the CGU is in excess of its recoverable amount. The assessment for impairment is subjective and requires management to make significant judgments and assumptions in respect of a number of factors, including estimates of production levels, operating costs and capital expenditures reflected in New Gold's life-of-mine plans, the value of in situ ounces, exploration potential and land holdings, as well as economic factors beyond management's control, such as gold, copper and silver prices, discount rates, foreign exchange rates, and observable net asset value multiples. It is possible that the actual fair value could be significantly different than those estimates. In addition, should management's estimate of the future not reflect actual events, further impairment charges may materialize, and the timing and amount of such impairment charges is difficult to predict.

TITLE CLAIMS AND RIGHTS OF INDIGENOUS PEOPLES

New Gold's properties may be subject to the rights or the asserted rights of various community stakeholders, including First Nations and other indigenous peoples. The presence of community stakeholders may impact the Company's ability to develop or operate its mining properties and its projects or to conduct exploration activities. Accordingly, the Company is subject to the risk that one or more groups may oppose the continued operation, further development or new development or exploration of the Company's current or future mining properties and projects. Such opposition may be directed through legal or administrative proceedings, or through protests or other campaigns against the Company's activities.

Governments in many jurisdictions must consult with, or require the Company to consult with, indigenous peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations. In British Columbia, the provincial government has enacted the Declaration on the Rights of Indigenous Peoples Act in November 2019, which may affect consultation requirements in that jurisdiction. Consultation and other rights of indigenous peoples may require accommodation including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time frame effective mineral titles, permits or licenses in these jurisdictions, including in some parts of Canada and Mexico in which title or other rights are claimed by First Nations and other indigenous peoples, and may affect the timetable and costs of development and operation of mineral properties in these jurisdictions. The risk of unforeseen title claims by indigenous peoples also could affect existing operations as well as development projects. These legal requirements may also affect the Company's ability to expand or transfer existing operations or to develop new projects.

ENVIRONMENTAL RISKS

The Company is subject to environmental regulation in Canada and Mexico where it operates or has exploration or development activities. In addition, the Company will be subject to environmental regulation in any other jurisdictions in which it may operate or have exploration or development properties. These regulations address, among other things, endangered and protected species, emissions, noise, air and water quality standards, land use and reclamation. They also set out limitations on the generation, transportation, storage and disposal of solid, liquid and hazardous waste or potentially hazardous substances such as fuel, lime or cyanide.

The Company expends significant resources to comply with environmental laws, regulations and permitting requirements, and expects to continue to do so in the future. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that:

- the Company has been or will be at all times in complete compliance with such laws, regulations and permitting requirements, or with any new or amended laws, regulations and permitting requirements that may be imposed from time to time;
- the Company's compliance will not be challenged; or
- the costs of compliance will be economic and will not materially or adversely affect the Company's future cash flow, results of operations and financial condition.

The Company may be subject to proceedings in respect of alleged failures to comply with environmental laws, regulations or permitting requirements or of posing a threat to or of having caused hazards or damage to the environment or to persons or property. While any such proceedings are in process, the Company could suffer delays or

impediments to or suspension of development and construction of the Company's projects and operations and, even if the Company is ultimately successful, it may not be compensated for the losses resulting from any such proceedings or delays.

Environmental legislation is evolving in a manner which will involve, in certain jurisdictions, stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. No certainty exists that future changes in environmental regulation, or the application of such regulations, if any, will not adversely affect the Company's operations or development properties or exploration activities. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and results of operations. Environmental hazards may exist on the Company's properties which are unknown to management at present and which have been caused by previous owners or operators of the properties. Changes in weather conditions can also cause environmental hazards, such as increased precipitation leading to a heightened risk of environmental incidents and need for water management mitigation. Increased precipitation can also affect compliance with environmental regulations and affect operations. In addition, measures taken to address and mitigate known environmental hazards or risks may not be fully successful, and such hazards or risks may materialize.

There may be existing environmental hazards, contamination or damage at its mines or projects that the Company is unaware of. The Company may also acquire properties with known or undiscovered environmental risks. Any indemnification from the entity from which the Company acquires such properties may not be adequate to pay all the fines, penalties and costs (such as clean-up and restoration costs) incurred related to such properties. The Company may also be held responsible for addressing environmental hazards, contamination or damage caused by current or former activities at our mines or projects or exposure to hazardous substances, regardless of whether or not hazard, damage, contamination or exposure was caused by its activities or by previous owners or operators of the property, past or present owners of adjacent properties or by natural conditions and whether or not such hazard, damage, contamination or exposure was unknown or undetectable. The New Afton Mine has also been used for mining and related operations for many years before the Company acquired it and was acquired as is or with assumed environmental liabilities from previous owners or operators.

Any finding of liability in proceedings pursuant to environmental laws, regulations or permitting requirements could result in additional substantial costs, delays in the exploration, development and operation of the Company's properties and other penalties and liabilities related to associated losses, including, but not limited to:

- monetary penalties (including fines);
- restrictions on or suspension of activities;
- loss of rights, permits and property;
- completion of extensive remedial cleanup or paying for government or third-party remedial cleanup;
- premature reclamation of operating sites; and
- seizure of funds or forfeiture of bonds.

The cost of addressing environmental conditions or risks, and liabilities associated with environmental damage, may be significant, and could have a material adverse effect on the Company's business, prospects, results of operations and financial condition. Production at New Gold's mines involves the use of various chemicals, including certain chemicals that are designated as hazardous substances. Contamination from hazardous substances, either at the Company's own properties or other locations for which it may be responsible, may subject the Company to liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources. The occurrence of any of these adverse events could have a material adverse effect on the Company's prospects, results of operations and financial position.

Production at the Rainy River Mine involves the use of sodium cyanide which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, the Company may become subject to liability for cleanup work that may not be insured, in addition to liability for any damage caused. Such liability could be material.

Mining companies also face inherent risks in their operations with respect to tailings dams and structures built for the containment of the metals and mining waste, known as tailings, which exposes the Company to certain risks. Unexpected failings of tailings dams may release tailings and cause extensive environmental damage to the surrounding area. Dam failures could result in the immediate suspension of mining operations by government authorities and cause significant expenses, write offs of material assets and recognize provisions for remediation, which affect the statements of financial position and statements of operations. The unexpected failure of one of its tailing dams could subject the Company to any or all of the potential impacts discussed above, among others. If any such risks were to occur, this could materially and adversely affect the Company's reputation, its ability to conduct its operations and could make the Company subject to liability and, as a result, have a material adverse effect on its business, financial condition and results of operations.

INSURANCE AND UNINSURED RISKS

New Gold's business is subject to a number of risks and hazards generally including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope or wall failures, cave-ins, metallurgical or other processing problems, fires, operational problems, changes in the regulatory environment and natural phenomena, such as inclement weather conditions, floods, hurricanes and earthquakes. Such occurrences could result in damage to mineral properties or production facilities or other property, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, such insurance will not cover all the potential risks associated with the Company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available on acceptable terms or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration, development and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. New Gold may also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect on results of operations and financial condition.

RECLAMATION COSTS

The Company's operations are subject to closure and reclamation plans that establish its obligations to reclaim properties after minerals have been mined from a site. These obligations represent significant future costs for the Company. It may be necessary to revise reclamation concepts and plans, which could increase costs.

Management estimates the reclamation and closure cost obligations for all of its properties is $119.2 million as at December 31, 2020. Details and quantification of New Gold's reclamation and closure costs obligations are set out in Note 15 of the Company's audited consolidated financial statements for the year ended December 31, 2019. As at December 31, 2020, the Company had posted letters of credit or other financial assurance in an aggregate amount of $148.6 million to address these liabilities.

Reclamation bonds or other forms of financial assurance are often required to secure reclamation activities. Governing authorities require companies to periodically recalculate the amount of a reclamation bond and may require bond amounts to be increased. It may be necessary to revise the planned reclamation expenditures and the operating plan for a mine in order to fund an increase to a reclamation bond. In addition, reclamation bonds are generally issued under the Company's credit facilities; increases in the amount of reclamation bonds will decrease the amount of the Credit Facility available for other purposes.

Reclamation bonds may represent only a portion of the total amount of money that will be spent on reclamation over the life of a mine operation. The actual costs of reclamation set out in mine plans are estimates only and may not represent the actual amounts that will be required to complete all reclamation activity. If actual costs are significantly higher than the Company's estimates, then its results of operations and financial position could be materially adversely affected.

FOREIGN CURRENCY EXCHANGE RATES

New Gold's mineral properties are located in Canada and Mexico. As a result, the Company has foreign currency exposure with respect to items not denominated in United States dollars. The three main types of foreign exchange risk the Company faces are:

- *transaction exposure*: New Gold's operations sell commodities and incur costs in different currencies. Specifically, the Company's revenues are denominated in United States dollars while most of the Company's expenses are currently denominated in Canadian dollars and, to a lesser extent, Mexican pesos. This creates exposure at the operational level, which may affect its profitability as exchange rates fluctuate. The appreciation of non-United States dollar currencies against the United States dollar can increase the costs of production at New Gold's mines, making those mines less profitable;
- *exposure to currency risk*: New Gold is exposed to currency risk through a portion of the following assets and liabilities denominated in currencies other than the United States dollar: cash and cash equivalents, investments, accounts receivable, reclamation deposits, accounts payable and accruals, reclamation and closure cost obligations and long-term debt; and
- *translation exposure*: New Gold's functional and reporting currency is United States dollars. Certain of the Company's operations have assets and liabilities denominated in currencies other than the United States dollar, with translation foreign exchange gains and losses included in these balances in the determination of profit or loss. Therefore, exchange rate movements in the Canadian dollar and, to a lesser extent, Mexican peso can have a significant impact on the Company's consolidated operating results.

As a result, fluctuations in currency exchange rates could significantly affect the Company's business, financial condition, results of operations and liquidity.

GLOBAL ECONOMIC CONDITIONS

Economic and geopolitical events may create uncertainty in global financial and equity markets. The global debt situation may cause increased global political and financial instability resulting in downward price pressure for many asset classes and increased volatility and risk spreads. Additionally, if a public health crisis, such as an epidemic or pandemic related to the coronavirus (COVID-19) or another virus, terrorist activity, armed conflict, political instability or natural disasters occur in Canada, the U.S. or other locations, such events could cause general economic conditions to deteriorate, cause supply chain shortages or otherwise negatively impact our operations. Difficult, or worsening, general economic conditions could have a material adverse effect on our business, financial condition, and operating results.

Such disruptions could make it more difficult for us to obtain financing for our operations, or increase the cost of such financing, among other things. If are not able to raise capital when we need it, or to access capital on reasonable terms, it could have a material adverse effect on our business, operations, financial performance or financial condition. These and other related factors can lead to lower longer term asset values, which can result in impairment losses.

IMPACT OF PANDEMIC DISEASE ON GLOBAL ECONOMIC CONDITIONS AND ECONOMIC PERFORMANCE

The Company's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, such as the COVID-19 pandemic which began at the beginning of 2020 (see "COVID-19" above). These infectious disease risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's mining and exploration operations to operate as intended due to a shortage of skilled employees, shortages or disruptions in supply chains, inability of employees to access sufficient healthcare, significant social upheavals, government or regulatory actions or inactions, decreased demand or the inability to sell precious metals or declines in the price of precious metals, capital market volatility, or other unknown but potentially significant impacts. There are potentially significant economic losses from infectious disease outbreaks that can extend far beyond the initial location of an infectious disease outbreak. As such, both catastrophic outbreaks as well as regional and local outbreaks can have a significant impact on the Company's operations, future cash flows, earnings, results of operations and financial condition. The Company may not be able to accurately predict the quantum of such risks. In addition, the Company's own operations are exposed to infectious disease risks noted above and as such the Company's operations may be adversely affected by such infectious disease risks. Accordingly, any outbreak or threat of an outbreak of a virus, such as the COVID-19 pandemic or other contagions or epidemic disease could have a material adverse effect on the Company, its business, results from operations and financial condition.

GLOBAL FINANCIAL CONDITIONS

Global financial conditions have been subject to continued volatility. Government debt, the risk of sovereign defaults, political instability and wider economic concerns in many countries have been causing significant uncertainties in the markets. Disruptions in the credit and capital markets can have a negative impact on the availability and terms of credit and capital. Uncertainties in these markets could have a material adverse effect on the Company's liquidity, ability to raise capital and cost of capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates and have a detrimental effect on the Company's business.

DEBT AND LIQUIDITY RISK

As at December 31, 2020, the Company had long-term debt comprised of two series of notes in an aggregate principal amount of $500 million. In addition, the Company has a $350 million Credit Facility. The Company's ability to make scheduled payments of principal and interest on or to refinance its indebtedness depends on the Company's future performance, which is subject to economic, financial, competitive and other factors many of which are not under the control of New Gold. The Company is exposed to interest rate risk on variable rate debt, if any. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, including, among others, debt repayments, interest payments and contractual commitments.

In the future, the Company may not continue to generate cash flow from operations sufficient to service its debt and make necessary or planned capital expenditures. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, borrowing additional funds, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to borrow additional funds or refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations. In addition, if New Gold is unable to maintain its indebtedness and financial ratios at levels acceptable to its credit rating agencies, or should New Gold's business prospects deteriorate, the ratings currently assigned to New Gold by Moody's Investor Services and Standard & Poor's Ratings Services could be downgraded, which could adversely affect the value of New Gold's outstanding securities and existing debt and its ability to obtain new financing on favourable terms, and New Gold's borrowing cost would likely increase as a result.

If the Company's cash flow and other sources of liquidity are not sufficient to continue operations and make necessary and planned capital expenditures, the Company may cancel or defer capital expenditures and/or suspend or curtail operations. Such an action may impact production at mining operations and/or the timelines and cost associated with development projects, which could have a material adverse effect on the Company's prospects, results of operations and financial condition.

The terms of the Company's Credit Facility and stream agreement with Royal Gold require the Company to satisfy various affirmative and negative covenants and to meet certain financial ratios and tests. In addition, the terms of the Company's 2027 Notes and 2025 Notes (each as defined below) require the Company to satisfy various affirmative and negative covenants. These covenants limit, among other things, the Company's ability to incur indebtedness, create certain liens on assets or engage in certain types of transactions. There are no assurances that in future, the Company will not, as a result of these covenants, be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Furthermore, a failure to comply with these covenants, including, in the case of the Credit Facility and stream agreement with Royal Gold, or a failure to meet the financial tests or ratios, would likely result in an event of default under the Credit Facility and/or the 2027 Notes and/or the 2025 Notes and/or stream agreement and would allow the lenders or noteholders or other contractual counterparty, as the case may be, to accelerate the debt or other obligations as the case may be.

TAXATION

New Gold has operations and conducts business in a number of different jurisdictions and is accordingly subject to the taxation laws of each such jurisdiction, as well as tax reviews and assessments in the ordinary course. Taxation laws are complex, subject to interpretation and subject to change. Any such changes in taxation law or reviews and assessments could result in higher taxes being payable by the Company, which could adversely affect its profitability. Taxes may also adversely affect the Company's ability to repatriate earnings and otherwise deploy its assets.

RISKS RELATED TO FURTHER PROCESSING

The Company's operations produce concentrate, doré or other products that are not refined metals ("**Unrefined Product**") and generally require further processing at a smelter and/or a refinery to become marketable metal. Such Unrefined Product contains metals and other elements that require removal, some of which may limit the smelters or brokers who can or will purchase or process the Unrefined Product and the refineries who will process the Unrefined Product, or negatively impact the terms of such purchase or processing arrangements. Assay results of gold, copper and deleterious elements may vary in different samples and this may negatively affect the amount the Company receives for a shipment of concentrate, particularly if native copper particles are not adequately sampled in supergene ore from the New Afton Mine. In addition, treatment and refining charges are subject to fluctuations, which could negatively impact the Company's revenue or expenses.

In addition, the Company is generally responsible for transporting Unrefined Products either to the smelter or refinery or to a designated point where risk of loss is transferred. The Company is exposed to risks related to the loss of Unrefined Product during their loading, transportation and storage as well as the cost and availability of transportation and storage arrangements for its Unrefined Products. The Company may not be able to make alternative transportation or storage arrangements on reasonable commercial terms or at all. The Company is dependent on the Port of Vancouver for the storage and transportation of all concentrate from the New Afton Mine; in the event the Port of Vancouver is closed, there is no commercial alternative port available. There can be no assurance that the Company will be able to continue to transport and store or sell and process its Unrefined Product on reasonable commercial terms or at all.

AVAILABILITY AND PRICE OF INPUTS

Disruptions in the supply of products or services required for the Company's activities could also adversely affect the Company's operations, financial condition and results of operations. In particular, due to the limited number of suppliers of sodium cyanide in each jurisdiction in which the Company operates, a delay in supply, a force majeure event or a breach of contract by one of the Company's sodium cyanide suppliers could result in delays in processing times which may adversely affect results of operations.

Mining operations and facilities are intensive users of electricity and carbon-based fuels. The Company is subject to price risk for fluctuations in the cost of energy, principally electricity and purchased petroleum products, which are subject to carbon taxes. Energy prices can be affected by numerous factors beyond the Company's control, including global and regional supply and demand, political and economic conditions, and applicable regulatory regimes. The prices of various sources of energy may increase significantly from current levels. An increase in energy prices for which the Company is not hedged could materially adversely affect its results of operations and financial condition.

The Company's costs are affected by the prices of commodities and other inputs it consumes or uses in its operations, such as lime, sodium cyanide and explosives. The prices of such commodities and inputs are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Company's control. Increases in the price for materials consumed in the Company's mining and production activities could materially adversely affect the Company's results of operations and financial condition.

INFRASTRUCTURE

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, or community, government or other interference in the maintenance or

provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

COMMUNITY RELATIONS, LICENSE TO OPERATE AND REPUTATION

The Company's relationship with the host communities and host governments where it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("**NGOs**"), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or New Gold's operations or development activities specifically, could have an adverse effect on the Company's reputation.

Reputation loss, including reputation loss by other mining companies operating in jurisdictions where New Gold operates may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, which could have a material adverse impact on the Company's results of operations, financial condition and prospects. While New Gold is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

CLIMATE CHANGE RISKS

Changes in climate conditions could adversely affect the Company's business and operations through the impact of (i) more extreme temperatures, precipitation levels and other weather events; (ii) changes to laws and regulations related to climate change; and (iii) changes in the price or availability of goods and services required by our business.

Climate change may lead to more extremes in temperatures, precipitation levels and other weather events. Extreme high or low temperatures could impact the operation of equipment and the safety of personnel at the Company's sites, which could result in damage to equipment, injury to personnel and production disruptions. Changes in precipitation levels may impact the availability of water at the Company's operations, which the mills require to operate, potentially leading to production disruptions. Low precipitation also increases the risk of large forest fires, as occurred in proximity to the Company's operations in British Columbia in the summer of 2017, which could cause production disruptions or damage site infrastructure. Increases in precipitation levels could also lead to water management challenges, including challenging our ability to hold or treat and discharge water in the amounts required. Extreme weather events, such as forest fires, severe storms or floods, all of which may be more probable and more extreme due to climate change, may negatively impact operations, disrupt production and damage site infrastructure. Significant capital investment may be required to address these occurrences and to adapt to changes in average operating conditions caused by these changes to the climate.

Climate change may lead to new laws and regulations that affect the Company's business and operations. Many governments are moving to enact climate change legislation and treaties at the international, national, state, provincial and local levels. Where legislation already exists, regulations relating to emission levels and energy efficiency are becoming more stringent. Some of the costs associated with meeting more stringent regulations can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, meeting more stringent regulations is anticipated to result in increased costs. For example, the Company's operations paid Canadian Federal and Provincial carbon taxes in 2019 and will also pay such taxes in 2020.

Climate change may lead to changes in the price and availability of goods and services required for the Company's operations, which require the regular supply of consumables such as diesel, electricity, and sodium cyanide to operate efficiently. The Company's operations also depend on service providers to transport these consumables and other goods to the operations and to transport doré and concentrate produced by the Company to refiners. The effects of extreme weather described above and changes in legislation and regulation on the Company's suppliers and their industries may cause limited availability or higher price for these goods and services, which could result in higher costs or production disruptions.

We can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

GEOTECHNICAL RISKS

There are geotechnical challenges associated with the development and operation of open pit and underground mines. Exposure to geotechnical instability may result from ground and subsurface conditions, larger pits and deeper underground developments. No assurances can be given that adverse geotechnical conditions, such as pit and tailings facility wall failures, underground cave-ins, fracturing, convergence, subsidence and other ground-related instability, will not occur in the future or that such events will be detected in advance. Geotechnical instabilities can be difficult to predict and are often affected by risks beyond the Company's control, such as severe weather, higher than average rainfall and seismic events. Geotechnical failures can result in limited access to mine sites, suspension or operations, production delays, government investigations, increased costs, as well as injuries and deaths in the most extreme cases. All of these could adversely impact the Company's results of operations and financial position.

LABOUR AND EMPLOYMENT MATTERS

Production at the Company's mines and projects is dependent on the efforts of the Company's employees and contractors. The Company competes with mining and other companies on a global basis to attract and retain employees at all levels with appropriate technical skills and operating experience necessary to operate its mines. The conduct of the Company's operations is dependent on access to skilled labour. Access to skilled labour may prove particularly challenging where mining operations are conducted in remote locations. Shortages or high turnover of suitably qualified personnel could have a material adverse effect on the Company's business and results of operations. Relations between the Company and its employees may be impacted by changes in the scheme of labour relations, which may be introduced by the relevant governmental authorities in the jurisdictions where the Company carries on business. New Gold had approximately 74 employees that belong to a union at the Cerro San Pedro Mine, which transitioned to reclamation in December 2018. In addition, the Company engages contractors who may have unionized employees. Adverse changes in the schemes of labour relations in different jurisdictions or in the relationship between the Company and its employees, or between the Company's contractors and their respective employees, may have a material adverse effect on the Company's business, results of operations and financial condition.

LITIGATION AND DISPUTE RESOLUTION

From time to time New Gold is subject to legal claims, with and without merit. These claims may commence informally and reach a commercial settlement or may progress to a more formal dispute resolution process. The causes of potential future claims cannot be known and may arise from, among other things, business activities, environmental laws, land use, contractor engagements, volatility in stock price or failure to comply with disclosure obligations. In particular, the complex activities and significant expenditures associated with construction activities, such as the C-Zone development, may lead to various claims, some of which may be material. Defense and settlement costs may be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process,

there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Company's future cash flows, results of operations or financial condition.

TITLE RISKS

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interest, including prior unregistered liens, agreements, transfers, royalties or claims, including land claims by First Nations or other indigenous groups, and title may be affected by, among other things, undetected defects. In some cases, title to mineral rights and surface rights has been divided, and the Company may hold only surface rights or only mineral rights over a particular property, which can lead to potential conflict with the holder of the other rights. As a result of these issues, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties, or the economics of its mineral properties may be impacted. An impairment to, or defect in, the Company's title to its properties or a dispute regarding property or other related rights could have a material adverse effect on the Company's business, financial condition or results of operations.

COMPETITION

New Gold faces strong competition from other mining companies in connection with the identification and acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than New Gold. As a result of this competition, the Company may be unable to identify, maintain or acquire attractive mining properties on acceptable terms or at all. Consequently, the Company's prospects, revenues, operations and financial condition could be materially adversely affected.

RETENTION OF KEY PERSONNEL

The Company's business is dependent on retaining the services of a number of key personnel of the appropriate calibre as the business develops. New Gold's success is, and will continue to be to a significant extent, dependent on the expertise and experience of the directors and senior management, and the loss of one or more of such persons could have a material adverse effect on the Company. The Company does not maintain any key man insurance with respect to any of its officers or directors.

HEDGING

From time to time the Company uses or may use certain derivative products to hedge or manage the risks associated with changes in gold prices, copper prices, silver prices, interest rates, foreign currency exchange rates and energy prices. The use of derivative instruments involves certain inherent risks including, among other things: (i) credit risk – the risk of an unexpected loss arising if a counterparty with which the Company has entered into transactions fails to meet its contractual obligations; (ii) market liquidity risk – the risk that the Company has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; and (iii) unrealized mark-to-market risk – the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies or interest rates will result in the Company incurring an unrealized mark-to-market loss in respect of such derivative products.

There is no assurance that any hedging program or transactions which may be adopted or utilized by New Gold designed to reduce the risk associated with changes in gold prices, copper prices, silver prices, interest rates, foreign currency

exchange rates or energy prices will be successful. Although hedging may protect New Gold from an adverse price change, certain hedging strategies may also prevent New Gold from benefiting fully from a positive price change.

COUNTERPARTY RISK

Counterparty risk is the risk to the Company that a party to a contract will default on its contractual obligations to the Company. The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the Company's cash and short term investments; (ii) companies that have payables to the Company, including concentrate and bullion customers and Artemis Gold; (iii) providers of its risk management services, such as hedging arrangements; (iv) shipping service providers that move the Company's material; (v) the Company's insurance providers; and (vi) the Company's lenders. Although the Company makes efforts to limit its counterparty risk, the Company cannot effectively operate its business without relying, to a certain extent, on the performance of third party service providers.

INVESTMENT RISK

Investment risk is the risk that a financial instrument's value will deviate from the expected returns as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. This includes interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Other aspects of investment risk include credit risk (the risk of unexpected loss arising if a counterparty with which the Company has entered into transactions fails to meet its contractual obligations) and liquidity risk (the risk that the Company has entered into an investment that cannot be closed out quickly). The Company has equity investments in other public mining companies not controlled by New Gold which have early stage exploration and/or development properties. These investments may fluctuate in value and the Company may incur losses in respect of such investments.Although the factors that affect investment risk are outside the Company's control, the Company limits investment risk by limiting its investment exposure in terms of total funds to be invested and by being selective of high quality investments and by taking security for financial obligations where appropriate.

DISCLOSURE AND INTERNAL CONTROLS

The Company may fail to maintain the adequacy of internal control over financial reporting as per the requirements of the U.S. Sarbanes-Oxley Act of 2002 ("**SOX**"). The Company documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of SOX. Both SOX and Canadian legislation require an annual assessment by management of the effectiveness of the Company's internal control over financial reporting.

The Company may fail to maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting. The Company's failure to satisfy the requirements of Section 404 of SOX and equivalent Canadian legislation on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of the Common Shares or market value of its other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations.

The Company may fail to maintain the adequacy of its disclosure controls. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to the Company's management, as appropriate, to allow timely decisions regarding required disclosure.

No evaluation can provide complete assurance that the Company's financial and disclosure controls will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments.

CONFLICTS OF INTEREST

Certain of New Gold's directors and officers also serve as directors and/or officers of other companies involved in natural resource exploration and development, and consequently there exists the possibility for such directors and officers to have interests that conflict with the Company's interests. In particular, situations may arise in connection with potential investments where the other interests of the Company's directors conflict with the interests of New Gold. The Company has implemented governance measures to address conflicts of interest, however, any such conflicts of interest may result in lost opportunities for the Company. Any conflict of interest involving the Company's directors and officers could result in a material adverse effect on the Company's business.

CORRUPTION AND BRIBERY LAWS

The Company's operations are governed by, and involve interactions with, many levels of government in numerous jurisdictions. The Company is required to comply with anti-corruption and anti-bribery laws, including the Criminal Code, the Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act, as well as similar laws in the jurisdictions in which the Company conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations not only by its employees, but also by its contractors and third party agents. Although the Company has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors and third party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation and results of its operations.

ACQUISITION AND INTEGRATION RISKS

As part of its business strategy, New Gold has sought and will continue to seek new operating, development and exploration opportunities in the mining industry. In pursuit of such opportunities, New Gold may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into New Gold. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, if at all, or that any acquisition or business arrangement completed will ultimately benefit its business. Such acquisitions may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial or geological risks. Further, any acquisition the Company makes will require a significant amount of time and attention of New Gold management, as well as resources that otherwise could be spent on the operation and development of the Company's existing business.

Any future acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and

Although the Company has not experienced any material losses relating to cyber attacks or other information security breaches to date, there can be no assurance that New Gold will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

NOTES

7.50% SENIOR NOTES DUE 2027

In June 2020, the Company issued an aggregate principal amount of $400 million 7.50% senior notes maturing on June 24, 2027 ("**2027 Notes**"). The 2027 Notes were issued pursuant to an indenture dated June 24, 2020, between the Company and Computershare Trust Company, N.A., as trustee ("**2027 Note Indenture**"). The 2027 Notes are direct, senior obligations of the Company and are not secured by any mortgage, pledge or charge.

Interest on the 2027 Notes is payable in arrears in equal semi-annual installments on January 15 and July 15 each year. On or after June 24, 2023, the Company has the option to redeem the 2027 Notes at a price ranging from 103.75% to 100% of face value, with the rate decreasing based on the length of time the 2027 Notes are outstanding, and before June 24, 2023, the Company may redeem the 2027 Notes at 100% of face value plus a "make whole" premium.

The 2027 Note Indenture provides that in the event of a change of control of the Company, as defined therein, each holder of the 2027 Notes will have the right to cause the Company to repurchase some or all of its 2027 Notes at 101% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date. In addition, the 2027 Note Indenture requires the Company to comply with certain reporting and other covenants.

6.375% SENIOR NOTES DUE 2025

In May 2017, the Company issued an aggregate principal amount of $300 million 6.375% senior notes maturing on May 15, 2025 ("**2025 Notes**"). The 2025 Notes were issued pursuant to an indenture dated May 18, 2017, between the Company and Computershare Trust Company, N.A., as trustee ("**2025 Note Indenture**"). The 2025 Notes are direct, senior obligations of the Company and are not secured by any mortgage, pledge or charge.

Interest on the 2025 Notes is payable in arrears in equal semi-annual installments on May 15 and November 15 each year. The Company has the option to redeem the 2025 Notes at a price ranging from 104.781% to 100% of face value, with the rate decreasing based on the length of time the 2025 Notes are outstanding.

The 2025 Note Indenture provides that in the event of a change of control of the Company, as defined therein, each holder of the 2025 Notes will have the right to cause the Company to repurchase some or all of its 2025 Notes at 101% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date. In addition, the 2025 Note Indenture requires the Company to comply with certain reporting and other covenants.

DIVIDENDS

To date, New Gold has not paid dividends on its shares. The Company currently intends to retain future earnings, if any, for use in its business and does not, at this time, anticipate paying dividends on its shares. Any determination to pay any

future dividends will remain at the discretion of the Company's board of directors and will be made taking into account its financial condition and other factors deemed relevant by the board. Further, pursuant to debt instruments of the Company in place from time to time, the Company may, in certain circumstances, be required to obtain consent from lenders prior to declaring dividends.

DESCRIPTION OF CAPITAL STRUCTURE

COMMON SHARES

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 676,878,797 Common Shares were issued and outstanding at the close of business March 26, 2021. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election.

Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available therefor and, on the liquidation, dissolution or winding up of the Company, are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights.

The Company also has options and notes outstanding. See the notes to the Company's audited consolidated financial statements for the year ended December 31, 2020 for additional information regarding the Company's convertible securities.

RATINGS

Below are the ratings for New Gold's corporate debt as at March 26, 2021:

- Standard & Poor's Ratings Services: B (Recovery Rating: 3)
- Moody's Investors Service: B3 (SGL-2)

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities; an indication of the likelihood of repayment for an issue of securities; and an indication of the capacity and willingness of the issuer to meet its financial obligations in accordance with the terms of those securities. Credit ratings are not assurances of credit quality or exact measures of the likelihood of default.

The information concerning the Company's credit ratings relates to New Gold's financing costs, liquidity and operations. The availability of funding options may be affected by certain factors, including the global capital market environment and outlook as well as the Company's financial performance. New Gold's ability to access capital markets at competitive rates is dependent on its credit rating and rating outlook, as determined by credit rating agencies such as Standard & Poor's Ratings Services ("**S&P**") and Moody's Investors Service ("**Moody's**"). If the Company's ratings were downgraded, financing costs and future debt issuances could be unfavorably impacted.

S&P credit ratings are on a rating scale ranging from AAA to D, which represents the range from highest to lowest quality. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (–) sign to show relative standing within the major rating categories. S&P's rating is a forward looking opinion about credit risk and assesses the credit quality of the individual debt issue and the relative likelihood that the issuer may default. B rating is ranked seventh out of S&P's twelve major rating categories. According to the S&P rating system, an obligor of debt securities rated B has the capacity to meet its financial commitment on the debt security, however, adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. In addition, S&P uses a scale of 1+ to 6 for recovery ratings, which represent the range, from high to low, of the percentage of principal and unpaid accrued interest that an investor may expect to receive in the case of default. A "3" recovery rating ranks fourth out of S&P's seven recovery rating categories, and indicates S&P's expectation of meaningful (50% -70%) recovery in a default scenario.

Moody's credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality, with a rating of B being the sixth highest of nine major categories. The generic rating classifications from Aa through Caa may be modified by the numerical modifiers 1, 2 and 3. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic category. According to Moody's, obligations rated B3 are considered speculative and subject to high credit risk. In addition, Moody's uses a speculative-grade loss ("**SGL**") assessment scale of 1 to 4, which represents Moody's opinion about issuers' relative abilities' to generate cash from internal resources and external sources of committed financing in relation to their cash obligations over the coming 12 months. A SGL-2 ranks second out of Moody's four SGL assessment categories. Issuers rated SGL-2 possess good liquidity. They are likely to meet their obligations over the coming twelve months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed sources of financing is highly likely based on Moody's evaluation of near-term covenant compliance.

The credit ratings for New Gold's corporate debt are based on, among other things, information furnished to the above ratings agencies by the Company and information obtained by the ratings agencies from publicly available sources. The credit ratings are not recommendations to buy, sell or hold securities since such ratings do not comment as to market price or suitability for a particular investor. New Gold has paid each of Moody's and S&P its customary fees in connection with the provision of the above credit ratings. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. Credit ratings given to New Gold's corporate debt may not reflect the potential impact of all risks on the value of debt instruments, including risks related to market or other factors discussed in this Annual Information Form. See also "Risk Factors".

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

Common Shares

The Common Shares of the Company are listed and posted for trading on the TSX and NYSE American in each case under the symbol "NGD". The following table contains information relating to the trading of the Common Shares in Canadian dollars on the TSX for the months indicated.

2020	High (C$)	Low (C$)	Volume
January	1.39	1.15	24,944,499
February	1.38	0.98	28,972,944
March	1.24	0.55	55,289,368
April	1.26	0.72	55,512,374
May	1.74	1.09	34,436,647
June	2.07	1.44	59,752,744
July	2.29	1.70	41,182,993
August	2.33	1.86	41,039,335
September	2.71	2.08	79,297,447
October	2.98	2.26	59,890,962
November	2.80	2.15	49,331,037
December	3.05	2.38	47,875,703

The price of the Common Shares as quoted by the TSX at the close of business on December 31, 2020, the last trading day prior to year-end, was C$2.80 and on March 26, 2021 was C$2.06.

DIRECTORS AND OFFICERS

The names, positions or offices held with the Company, province/state and country of residence, and principal occupation of the directors and executive officers of the Company as at March 25, 2021 are set out below. In addition, the principal occupations of each of the Company's directors and executive officers within the past five years are disclosed in their biographies.

As at March 15, 2021, directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,522,314 common shares of the Company, representing approximately 0.2% of its issued and outstanding shares.

The term of each director of the Company expires at the annual general meeting of shareholders, where they can be nominated for re-election. The Company's officers hold their respective offices at the discretion of the board, but typically on an annual basis, after the annual general meeting, the directors pass resolutions to appoint officers and committees.

RENAUD ADAMS
Ontario, Canada
Director since:
September 12, 2018
Non-Independent Director
President and Chief Executive Officer

Securities on March 26, 2021
Common Shares: 716,279
PSUs: 1,718,711
RSUs: 621,108

Renaud Adams has over 25 years of experience in the mining industry. He was the President and Chief Executive Officer of Richmont Mines Inc. from 2014 until the sale of the company to Alamos Gold in November 2017. During Mr. Adams' time at Richmont Mines, production at the company's principal mine more than doubled, mineral reserves more than tripled, and costs were reduced to make the Island Gold Mine in Ontario one of the lowest cost operating underground mines in the Americas. From 2011 to 2014, Mr. Adams was the Chief Operating Officer at Primero Mining Corporation, and prior to that he was with IAMGOLD Corporation from 2007 to 2011 as the General Manager of the Rosebel mine in Suriname and then the Senior Vice President, Americas Operations. Prior to IAMGOLD, Mr. Adams held various senior operations positions at mining operations located in the Americas. Mr. Adams is also a director of GT Gold Corp[5] and non-executive Chairman of the Board of Directors at Omai Gold Mines. Mr. Adams holds a Bachelor of Engineering degree in Mining and Mineral Processing from Laval University in Quebec, Canada. Mr. Adams' principal occupation is as the President and Chief Executive Officer of the Company.

NICHOLAS CHIREKOS
Colorado, United States
Director since: May 27, 2019
Independent Director

Securities on March 26, 2021
DSUs: 175,439

Nick Chirekos was appointed to the Board on May 27, 2019 and has more than 25 years of experience in investment banking and capital markets, with a focus on the mining industry. He served in various investment banking roles at J.P. Morgan Securities Inc. from 1987 until his retirement in 2016. His roles included Managing Director, North American Head of Mining from 2002 to 2016, and Global Head of Mining and Metals from 2000 to 2002. He brings extensive expertise in mergers and acquisitions, equity, equity linked and fixed income transactions and was formerly a member of J.P. Morgan's Investment Banking North American Reputational Risk Committee. Mr. Chirekos is also a director of Peabody Energy Corporation and a member of the Reiman School of Finance Advisory Board at the University of Denver's Daniels College of Business. He holds a Bachelor of Science degree from the University of Denver and a Master of Business Administration degree from New York University. At New Gold, Mr. Chirekos is a member of the Audit Committee and the Corporate Governance and Nominating Committee. Mr. Chirekos' principal occupation is as a corporate director.

GILLIAN DAVIDSON
Edinburgh, United Kingdom
Director since:
April 25, 2018
Independent Director

Securities on March 26, 2021
DSUs: 338,428

Gillian Davidson has 20 years of experience as an internal and external advisor to companies and other organizations regarding sustainability, social license and community relations. Most recently, Dr. Davidson was the Head of Mining and Metals for the World Economic Forum from 2014 to 2017, where she led global and regional engagement and multi-stakeholder initiatives to advance responsible and sustainable mining. From 2008 to 2014, she was Director of Social Responsibility at Teck Resources Limited, supporting social and environmental commitments and performance across the mining lifecycle. Before joining Teck, Dr. Davidson held roles related to community development, environment and natural resources as a consultant and in government. Dr. Davidson presently serves as a director on the board of Central Asia Metal

Limited and serves as the Chair of its Sustainability Committee. She served as a director of Lydian International Limited. Dr. Davidson has an Honours Master of Arts in Geography from the University of Glasgow, a PhD in Development Economics and Economic Geography from the University of Liverpool and is an alumna of the Governor General of Canada's Leadership Conference. Dr. Davidson is the chair of International Women in Mining. At New Gold, Dr. Davidson is Chair of the Technical and Sustainability Committee and a member of the Corporate Governance and Nominating Committee. Dr. Davidson's principal occupation is as a consultant.

JAMES GOWANS
British Columbia, Canada
Director since:
July 9, 2018
Independent Director

Securities on March 26, 2021
Common Shares: 30,000
DSUs: 292,382

James Gowans has more than 30 years of experience in mineral exploration, mine feasibility studies, mine construction and commissioning and the development of best practices in mine safety, operations and economic performance improvement. From January 2016 to August 2018, he was the President and Chief Executive Officer of Arizona Mining Inc. Previously, he was with Barrick Gold Corporation as Senior Advisor to the Chairman from August to December 2015, Co-President from July 2014 to August 2015, and Executive Vice President and Chief Operating Officer from January to July 2014. From 2011 to 2014, Mr. Gowans was the Managing Director of Debswana Diamond Company (Pty) Ltd., and prior to that he held executive positions at various companies including De Beers SA, De Beers Canada Inc., PT Inco Indonesia tbk and Placer Dome Inc. Mr. Gowans previously served as the President of the Canadian Institute of Mining, Metallurgy and Petroleum, the Chair of the Board of the Mining Association of Canada, and a director of the Conference Board of Canada. He currently serves on the boards of directors of Cameco Ltd., Titan Mining Corporation, Trilogy Metals Inc. and Marathon Gold Corporation. Mr. Gowans is a Professional Engineer, holds a Bachelor of Applied Science degree in mineral engineering from the University of British Columbia, and attended the Banff School of Advanced Management. At New Gold, Mr. Gowans is Chair of the Human Resources and Compensation Committee and a member of the Technical and Sustainability Committee. Mr. Gowans's principal occupation is as a corporate director.

MARGARET MULLIGAN
Ontario, Canada
Director since:
April 25, 2018
Independent Director

Securities on March 26, 2021
DSUs: 322,960

Margaret (Peggy) Mulligan has over 35 years of experience in audit and finance. From 2008 to 2010, Ms. Mulligan was the Executive Vice President and Chief Financial Officer of Biovail Corporation and from 2005 to 2007, she was the Executive Vice President and Chief Financial Officer of Linamar Corporation. From 1994 to 2004, Ms. Mulligan was the Senior Vice President, Audit and Chief Inspector and then the Executive Vice President, Systems and Operations of The Bank of Nova Scotia. Before joining Scotiabank, she was an Audit Partner with PricewaterhouseCoopers. She holds a Bachelor of Math (Honours) from the University of Waterloo and is a Chartered Professional Accountant, FCPA, CA. Ms. Mulligan also serves as a director on the board of Canadian Western Bank. At New Gold, Ms. Mulligan is Chair of the Corporate Governance and Nominating

Committee and a member of the Audit Committee. Ms. Mulligan's principal occupation is as a corporate director.

IAN PEARCE
Ontario, Canada
Director since:
April 27, 2016
Independent Director

Securities on March 26, 2021
Common Shares: 27,200
DSUs: 493,027

Mr. Pearce has over 35 years of experience in the mining industry. From 1993 to 2003, Mr. Pearce held progressively more senior engineering and project management roles with Fluor Inc., including managing numerous significant development projects in the extractive sector. From 2003 to 2006, Mr. Pearce held executive roles at Falconbridge Limited, including Chief Operating Officer, and he subsequently served as Chief Executive Officer of Xstrata Nickel, a subsidiary of Xstrata plc, from 2006 to 2013. From 2013 to 2017, Mr. Pearce was a partner of X2 Resources, a private partnership focused on building a mid-tier diversified mining and metals group. Mr. Pearce currently serves as the Chair of the Board of MineSense Technologies Ltd., a technology company seeking to improve the ore extraction and recovery process, and as a Senior Advisor at KoBold Metals, a company that deploys digital tools to discover new cobalt deposits. He is a director of Nexa Resources S.A, Northland Power Inc. and Metso Outotec Corporation. He previously served as the Chair of the Board of Nevsun Resources Ltd. Mr. Pearce holds a Higher National Diploma in Engineering (Mineral Processing) from the University of Johannesburg and a Bachelor of Science degree from the University of the Witwatersrand in South Africa. At New Gold, Mr. Pearce is the Chair of the Board and a member of the Technical and Sustainability Committee and the Human Resources and Compensation Committee. Mr. Pearce's principal occupation is as a corporate director.

MARILYN SCHONBERNER
Alberta, Canada
Director since:
June 26, 2017
Independent Director

Securities on March 26, 2021
DSUs: 324,261

Marilyn Schonberner has over thirty-five years of international experience in the energy and mining sectors. She retired in 2016 as the Chief Financial Officer of Nexen Energy ULC. During her 21-year career with Nexen, she held various executive roles with responsibility for financial and risk management, audit, human resources, strategic planning and budgeting, supply chain, and information services. Ms. Schonberner currently serves on the board of directors of Wheaton Precious Metals Corp. and she is a member of the Executive Committee of the Calgary Chapter of the Institute of Corporate Directors. She holds a Bachelor of Commerce from the University of Alberta and a Master of Business Administration from the University of Calgary. She is a CPA, CMA and a Certified Internal Auditor. Ms. Schonberner completed the Senior Executive Development Programme at the London Business School and has obtained the ICD.D designation from the Institute of Corporate Directors. At New Gold, Ms. Schonberner is Chair of the Audit Committee and a member of the Human Resources and Compensation Committee. Her principal occupation is as a corporate director.

ROBERT CHAUSSE
Ontario, Canada
Executive Vice President and Chief Financial Officer

Securities on March 26, 2021
Common Shares: 586,250
PSUs: 660,357
RSUs: 246,289

Robert Chausse has an extensive background of more than 25 years of international finance and mining experience. Most recently, he was Chief Financial Officer of Richmont Mines Inc., prior to which he was Chief Financial Officer at Stornoway Diamonds. From 2013 to 2015, Mr. Chausse was Executive Vice President and Chief Financial Officer of AuRico Gold, and from 2009 to 2013, he served as Vice President of Finance, Operations and Projects for Kinross Gold. He also served as Chief Financial Officer for Baffinland Iron Mines Corporation from 2006 to 2009 and held increasingly senior positions with Barrick Gold from 1998 to 2006. Rob received his Chartered Accountant designation in 1990.

ANNE DAY
Ontario, Canada
Vice President, Investor Relations

Securities on March 26, 2021
Common Shares: 135,000
PSUs: 270,027
RSUs: 91,677

Anne Day is a senior executive with more than 20 years of capital market experience that includes the development and implementation of effective global investor relations strategies, primarily in the mining sector. From 2015 to 2017, Anne was Senior Vice President, Investor Relations for Richmont Mines, where she was part of the senior executive team that led the transformation of Richmont to be one of the top junior mining companies in the Americas. From 2007 to 2015, she was Vice President, Investor Relations for AuRico Gold. Anne also served on the Board of Directors of AuRico Metals from 2015 to 2017. Anne holds a B. Comm degree (Marketing), an MBA (Finance) from the Sobeys School of Business and an ICD.D designation from the Rotman School of Management.

SEAN KEATING
Ontario, Canada
Vice President, General Counsel and Corporate Secretary

Securities on March 26, 2021
Common Shares: 4,146
PSUs: 237,556
RSUs: 85,020

Sean Keating has over 15 years' experience in corporate and securities law and mergers and acquisitions, primarily in the mining industry. Sean joined New Gold in 2016 and was Assistant General Counsel prior to his appointment as Vice President, General Counsel and Corporate Secretary in November 2019. Prior to joining New Gold, Sean was corporate counsel to Barrick Gold Corporation from 2010 to 2015 where he was involved in mergers and acquisitions, financings, commercial transactions, corporate governance, regulatory compliance and capital project development. From 2005 to 2010, Sean practiced law at Torys LLP in the capital markets and mergers and acquisitions groups. Sean holds a J.D. and M.B.A. from the University of Toronto and a B.Sc. (Chemistry) from St. Francis Xavier University.

ANKIT SHAH
Ontario, Canada
Vice President, Strategy and Business Development

Securities on March 26, 2021
Common Shares: 23,469
PSUs: 248,717
RSUs: 92,991

Ankit Shah is a mining finance executive with fifteen years of experience in strategy, corporate development, capital allocation and investor relations, primarily within the mining industry. Ankit joined New Gold in 2010 with the primary focus of working with the corporate development and investor relations teams. Since that time, Ankit has taken on progressively more responsibility for many facets of the business, including working with both the operations and exploration groups of the company. Prior to joining New Gold, Ankit worked for both Ernst & Young and KPMG within their Assurance and Financial Advisory practices. Ankit is both a Chartered Accountant and Chartered Professional Accountant.

ERIC VINET
Quebec, Canada
Senior Vice President, Operations

Securities on March 26, 2021
PSUs: 394,354
RSUs: 140,409

Eric Vinet has over 30 years of experience in the mining industry and brings with him a wealth of knowledge in numerous areas of mining production, including with various types of deposits: precious metals (Au, Ag), base metals (Cu, Zn, Ni), as well as with both underground and open pit mining operations. Mr. Vinet has been involved at various stages of mine construction and optimization, general site layout, and water and tailings facilities. Underground project experience includes backfill/pastefill systems, alimak/raisebore, ventilation, production methods and others to optimize the operations. He was General Manager for Semafo at the Mana Gold mine in Burkina Faso and also at the Samira Hill mine in Niger, both open pit mines. His open pit experience includes supervisory roles at the Jeffrey mine and at McWatters Mines Inc., both in Canada. Prior to this, he held a similar role with Scorpio Mining at the Nuestra Senora mine in Mexico, an underground mining operation. Additional underground mining experience includes: Aur Resources (Mine Louvicourt) Quebec - Project Engineer and Supervisory roles; Kahama Mining (Bulyanhulu Mine) Tanzania - Underground Production Supervisor; Canmet Laboratory - Research Engineer; Campbell Resources Inc., Chibougamau Quebec– Superintendent; Breakwater Resources (El Mochito mine), Honduras - Mine Manager; and Les Mines Sigma ltd, Val D'or Quebec - Project Engineer and Supervisory roles with narrow vein mining. Mr. Vinet graduated from École Polytechnique de Montreal with a Bachelor's degree in Mining Engineering in 1989.

STANDING COMMITTEES OF THE BOARD

There are currently four standing committees of the board of directors: the Audit Committee, the Compensation Committee; the Corporate Governance and Nominating Committee, and the Technical and Sustainability Committee. The following table identifies the members of each of these committees and indicates whether each committee member is considered independent or non-independent:

Board Committee	Committee Members	Status
Audit Committee	Marilyn Schonberner (Chair)	Independent
	Nicholas Chirekos	Independent
	Margaret Mulligan	Independent
Human Resources and Compensation Committee	James Gowans (Chair)	Independent
	Ian Pearce	Independent
	Marilyn Schonberner	Independent
Corporate Governance and Nominating Committee	Margaret Mulligan (Chair)	Independent
	Nicholas Chirekos	Independent
	Gillian Davidson	Independent
Technical and Sustainability Committee	Gillian Davidson (Chair)	Independent
	James Gowans	Independent
	Ian Pearce	Independent

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Company is, or within ten years prior to the date of this Annual Information Form has been, a director, chief executive officer or chief financial officer of any company (including New Gold) that (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, (i) is, or within ten years prior to the date of this Annual Information Form has been, a director or executive officer of any company (including New Gold) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Certain directors and officers of the Company also serve as directors or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. The Company has adopted a Code of Business Conduct and Ethics that addresses potential conflicts of interest.

AUDIT COMMITTEE

Audit Committee Charter

The Company's Audit Committee Charter is set out in full in Schedule A.

Composition of the Audit Committee

The following directors are members of the Audit Committee as at March •, 2021:

Marilyn Schonberner (Chair)	Independent [1]	Financially literate [2]
Nicholas Chirekos	Independent [1]	Financially literate [2]
Margaret Mulligan	Independent [1]	Financially literate [2]

(1) A member of an Audit Committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Company's board of directors, reasonably interfere with the exercise of the member's independent judgment.

(2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

The education and experience of each Audit Committee member relevant to the performance of his responsibilities as a member of the Audit Committee is described in their respective biographies set out under the heading "Directors and Officers" on page 58.

Pre-Approval Policies and Procedures

The Committee is responsible for the pre-approval of all audit, audit-related and non-audit services provided by the independent auditor. The Committee has delegated to the Chair the authority to pre-approve proposals for non-audit related services to be provided by the Company's auditors up to a value of C$25,000 per engagement up to a maximum of C$75,000 in a calendar year, and to report any such approvals to the Committee as a whole at the next Committee meeting. The Chair of the Committee is responsible for proper implementation of and compliance with this policy. In accordance with this policy, 100% of external auditor services described below were pre-approved by the Audit Committee or the Chair of the Audit Committee. None of the audit-related services described below were approved by the Audit Committee pursuant to the de minimis exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Auditors and External Auditor Service Fees (by category)

Deloitte LLP is the independent registered public accounting firm that has been appointed as the external auditor of New Gold and is independent with respect to the Company within the meaning of the U.S. Securities Act of 1933, as amended and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States) and within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario.

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years are as follows:

Financial Years Ending December 31	Audit Fees [1]	Audit Related Fees [2]	Tax Fees [3]	All Other Fees[4]
2020	C$1,193,818	C$245,353	C$31,614	C$ -
2019	C$1,176,500	C$266,956	C$55,106	C$240,000

(1) The aggregate fees billed for the performance of the audit or review of the Company's financial statements.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including fees related to the equity and debt offerings of the Company, in each of the respective years. Also included are the securities and audit related fees relating to the Blackwater Project Carve-out Financial Statements, which were included in both the Base Shelf Prospectus and Business Acquisition Report of Artemis Gold, the fees of which were reimbursed by Artemis Gold to the Company.

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

(4) In 2019, All Other Fees consists of a strategic planning workshop organized by Monitor Deloitte.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. As of the date hereof, except as disclosed below, there are no outstanding material proceedings to which the Company is a party.

In March of 2020, the Company received a statement of claim filed with the Ontario Superior Court of Justice by Shahin Elfving, Jack Morrison and Linda Morrison (the "Plaintiffs"). The Plaintiffs assert various contractual, misrepresentation, unjust enrichment and other claims relating to royalty interests on certain properties at the Rainy River Mine and seek various forms of relief, including an unspecified amount of damages and declaratory relief, including among others things, a declaration that: (a) the original option agreement lapsed or is invalid; (b) amendments to the option agreement are invalid; and (c) they are entitled to a 10% net proceeds of production royalty. The Company believes the claims are without merit and intends to vigorously defend itself.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since January 1, 2020, no director, executive officer or 10% shareholder of the Company or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc. Transfers may be effected and registration facilities are maintained at each of the following offices: (i) 510 Burrard Street, Vancouver, British Columbia, V6C 2T5; and (ii) 100 University Avenue, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Company has not entered into any material contracts during the most recently completed financial year or prior financial year which are still in force and effect and which may reasonably be regarded as presently material other than as set out below:

- Indenture dated as of June 24, 2020 between New Gold Inc., the Guarantors (Minera San Xavier S.A. de C.V. and New Gold CSP Ltd.) and Computershare Trust Company, N.A. (as trustee) relating to the 7.50% Senior Notes due 2027. See "Notes" on page 55 for more information.
- Indenture dated as of May 18, 2017 between New Gold Inc., the Guarantors (Minera San Xavier S.A. de C.V., New Gold Mesquite Inc., New Gold CSP Ltd., New Gold Finance Inc., Western Goldfields (USA) Inc., New Gold Netherlands Cooperatie U.A., Peak Gold Asia Pacific Pty Ltd., Peak Gold Mines Pty Ltd. and Western Mesquite Mines, Inc.), and Computershare Trust Company, N.A. (as trustee) relating to the 6.375% Senior Notes due 2025. See "Notes" on page 55 for more information.
- Second Amended and Restated Credit Agreement dated as of October 9, 2020 between New Gold Inc. (as borrower) and The Bank of Nova Scotia and RBC Capital Markets (as co-lead arrangers and joint book runners) and The Bank of Nova Scotia (as administrative agent) and Royal Bank of Canada (as syndication gent), Bank of America, N.A., Canada Branch, The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce (as Co-Documentation Agents) and The Bank of Nova Scotia, Royal Bank of Canada, Bank of America, N.A., JPMorgan

Chase Bank N.A., Toronto Branch, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Bank of Montreal, and National Bank of Canada (as lenders) described under the heading "General Development of the Business - Developments - Financial" on page 10.

- New Afton PA dated February 24, 2020 between New Gold Inc. and 2742150 Ontario Limited, an affiliate of Ontario Teachers' described under the heading "General Development of the Business – Developments – Mines and Projects – New Afton Mine" on page 10.

- Asset Purchase Agreement dated June 9, 2020 between New Gold Inc., BW Gold Ltd. and Artemis Gold Inc. described under the heading "General Development of the Business – Developments – Mines and Projects – Blackwater Project" on page 10.

TECHNICAL REPORTS

Below are the titles, authors and dates of the most recent technical reports (the "**Technical Reports**") for each of New Gold's material properties (as described under "Description of the Business" on page 9), which are all filed in accordance with NI 43-101 and available under the Company's profile on SEDAR at www.sedar.com.

- The most recent technical report on the Rainy River Mine that is filed on SEDAR at www.sedar.com is titled "New Gold Rainy River NI 43-101 Technical Report" dated March 12, 2020 by Mr. F. McCann, P.Eng., Mr. H. Smith, P.Eng., Mr. Mo Molavi, P.Eng., Dr. A Ross, P.Geo. and Ms. D. Nussipakynova, P.Geo. for AMC Mining Consultants (Canada) Ltd.; Mr. A. Millar, MAusIMM, CP, for AMC Mining Consultants Pty Ltd.; Mr. K. Bocking, P. Eng., for Gold Associates Ltd.; Mr. E. Saunders, P. Eng., for SRK Consulting (Canada) Inc.; Mr. A. Zerwer, P.Eng., for BGC Engineering Inc.; and Ms. T. Griffith, P.Eng., Senior Environmental Specialist, Rainy River Mine, New Gold Inc. (the "**Rainy River Mine Technical Report**")

- The most recent technical report on the New Afton Mine that is filed on SEDAR at www.sedar.com is titled "Technical Report on the New Afton Mine, British Columbia, Canada" dated February 28, 2020 by Normand L. Lecuyer, P.Eng., David W. Rennie, P.Eng., Holger Krutzelmann, P. Eng., and Luis Vasquez, M.Sc., P.Eng., for Roscoe Postle Associates Inc. (the "**New Afton Mine Technical Report**")

To New Gold's knowledge, the authors of the technical reports listed above held either less than one percent or no securities of the Company or of any associate or affiliate of the Company when they prepared the applicable Technical Report or received any securities in connection with the preparation of such report.

c. The Board will appoint one member of the Committee to act as the chair (the "**Chair**") of the Committee. In his or her absence, the Committee may appoint another person to act as Chair of a meeting of the Committee provided a quorum is present.

d. The Chair will appoint a secretary of the meeting, who need not be a member of the Committee and who will maintain the minutes of the meeting.

e. A majority of members of the Committee, present in person or by telephone or other electronic communications device that permits all persons participating in the meeting to speak and to hear each other, will constitute a quorum for a meeting of the Committee.

3. Meetings

3.1 The Committee shall meet regularly and at least on a quarterly basis and otherwise as necessary. The Committee shall hold in camera sessions without the presence of management at each meeting (unless the members of the Committee determine that such a session is not required).

3.2 The Chair or any two members of the Committee may call a meeting of the Committee. At the request of the external auditor, the internal auditor, the Chair of the Board, the President and Chief Executive Officer ("**CEO**") or the Chief Financial Officer ("**CFO**") of the Company, the Chair of the Committee will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the CFO, will ensure that the agenda and meeting materials are distributed in a timely manner.

3.3 The CEO and the CFO will receive notice of and, unless otherwise determined by the Chair, shall attend all meetings of the Committee.

3.4 The external auditor of the Company must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Committee, and must appear before the Committee when requested to do so by the Committee and after being given reasonable notice to do so.

4. Duties and Responsibilities

The Committee shall take charge of all responsibilities imparted on an audit committee of a public company, as they may apply from time to time to the Company, under applicable laws and stock exchange requirements and any other requirements of applicable regulatory and professional bodies. The duties and responsibilities of the Committee include the following:

4.1 Financial Reporting and Disclosure

a. Review and discuss with management and the external auditor at the completion of the annual examination:

i. the Company's audited financial statements and related notes;

ii. the external auditor's audit of the financial statements their report;

iii. any significant changes required in the external auditor's audit plan;

iv. any serious difficulties or disputes with management encountered during the course of the audit; and

v. other matters related to the conduct of the audit which are to be communicated to the Committee under IFRS.

b. Review and discuss with management and the external auditor during and at the completion of any review engagement or other examination, the Company's quarterly financial statements.

c. Review and discuss with management, prior to their public disclosure, the annual reports, quarterly reports, Management's Discussion and Analyses ("**MD&A**"), earnings press releases and any other material disclosure documents containing or incorporating by reference audited or unaudited financial information of the Company and, if thought advisable, provide its recommendations on such documents to the Board.

d. Review and discuss with management any guidance being provided to shareholders on the expected earnings (including any future-oriented financial information or financial outlooks) of the Company and, if thought advisable, provide its recommendations on such documents to the Board.

e. Inquire of the auditors regarding the quality and acceptability of the Company's accounting principles and estimates, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.

f. Review the Company's compliance with any policies and reports received from regulators. Discuss with management and the external auditor the effect on the Company's financial statements of significant regulatory initiatives.

g. Meet with the external auditor and management in separate executive sessions, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.

h. Ensure that management has the proper and adequate systems and procedures in place for the preparation and review of the Company's financial statements, financial reports and other financial information, including all Company disclosure of financial information extracted or derived from the Company's financial statements, and that they satisfy all legal and regulatory requirements. The Committee shall periodically assess the adequacy of such procedures.

i. Review with the Company's counsel, management and the external auditor any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Company's financial statements or related compliance policies.

j. Based on discussions with the external auditor concerning the audit, the financial statement review and such other matters as the Committee deems appropriate, recommend to the Board the public filing of the audited annual and unaudited quarterly financial statements and MD&A and the inclusion of the audited financial statements in the Company's Annual Report, in accordance with applicable laws.

4.2 External Auditor

a. Be responsible for overseeing and recommending to the Board (subject to the approval of the shareholders, where required) the appointment of the Company's external auditor and for the compensation, retention and oversight of the work of the external auditor engaged by the Company. The external auditor shall report directly to the Committee. The Committee shall be responsible for resolving disagreements, if any, between management and the external auditor regarding financial reporting.

b. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor and the related engagement letter and recommend approval of same to the Board.

c. Confirm with the external auditor and receive written confirmation at least once per year as to the external auditor's internal processes and quality control and disclosure of any investigations or government enquiries, reviews or investigations of the external auditor.

d. Take reasonable steps to confirm at least annually the independence of the external auditor, which shall include:

   i. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with IFRS, and determine that they satisfy the requirements of all applicable laws;

   ii. considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor; and

   iii. approving in advance any audit or permissible non-audit related services provided by the external auditor to the Company with a view to ensuring the independence of the external auditor, and in accordance with any applicable requirements of regulatory or professional bodies, including the requirements of all applicable securities laws with respect to approval of non-audit related services performed by the external auditor. Non-audit services of up to US$25,000 (and up to a cumulative amount of US$75,000 in a calendar year) may be pre-approved by the Chair of the Committee and ratified at the next Committee meeting.

e. Approve the lead audit partner for the Company's external auditor, confirm that such lead partner has not performed audit services for the Company for more than five previous fiscal years, and otherwise ensure the rotation of the lead partner and other partners in accordance with all applicable laws and requirements of regulatory and professional bodies.

f. Periodically review the performance of the Company's external auditor and provide feedback to the extent deemed appropriate.

g. Review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditors of the Company.

4.3 Internal Controls and Audit

a. Review and assess the adequacy and effectiveness of the Company's systems of internal controls, disclosure controls and procedures and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to identify and assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected and mitigated.

b. Assess the requirement for the appointment of an internal auditor for the Company and, if the appointment of an internal auditor is deemed appropriate, be responsible for (i) approving the appointment and removal of such internal auditor, and (ii) if deemed appropriate, establishing a position description for such internal auditor.

c. Review and approve the annual internal audit plan, and review on a periodic basis progress in executing the plan, significant changes to the plan, significant internal audit findings (including related to the adequacy of internal controls over financial reporting) and any significant internal fraud risks.

d. Review disclosures made to the Committee by the CEO and CFO during their certification process required under applicable securities laws. Review any material weaknesses or significant deficiencies in the design and operation of internal controls over financial reporting or disclosure controls and

procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

4.4 Financial Risk Management

a. Oversee, monitor and ensure that the principal areas of risk associated with the Company's accounting, auditing, financial reporting and internal control processes are identified and that plans and processes are in place to manage or mitigate these risks.

b. Review and report to the Board regarding the structure and adequacy of the Company's insurance programs and related policies, having regard to the Company's business and insurable risks.

4.5 General

a. Unless otherwise delegated to another committee by the Board, conduct an ongoing review of any transaction now in effect, and review and approve in advance any proposed transaction, that could be within the scope of "related party transactions" as such term is defined in applicable securities laws, and establish appropriate procedures to receive material information about and prior notice of any such transaction.

b. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, including under the Company's Whistleblower Policy.

c. Conduct or authorize investigations into any matter within the scope of this Charter, including any complaints or concerns raised under the Company's Whistleblower Policy. The Committee may request that any officer or employee of the Company, its external legal counsel or its external auditor attend a meeting of the Committee or meet with any member(s) of the Committee.

d. Oversee cyber security and information technology infrastructure and programs.

e. Review the qualifications of the senior accounting and financial personnel.

f. Provide oversight of the Company's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Company with respect to third party payments in compliance with all applicable anti-bribery or anti-corruption laws, including the *Foreign Corrupt Practices Act* (United States), *Corruption of Foreign Public Officials Act* (Canada), the *Extractive Sector Transparency Measures Act* (Canada) and similar laws.

g. Perform any other activities consistent with this Charter, the Company's Articles and governing law as the Committee or the Board deems necessary or appropriate.

4.6 Oversight Function

While the Committee has the responsibilities and powers set out in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of management and the external auditor. The Committee and the Chair and any members of the Committee identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are not specifically accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any

duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

5. Chair of the Committee

The duties of the Chair of the Committee are set out in the Board Mandate. In addition to those duties, the Chair of the Committee will:

a. address, or cause to be addressed, all concerns communicated to him or her under the Company's Whistleblower Policy or Code of Business Conduct and Ethics.

6. Review

This Charter will be reviewed annually by the Committee in consultation with the Corporate Governance and Nominating Committee and any recommended changes will be submitted to the Board for approval.

Last updated, reviewed and approved by the Board on November 25, 2020.

SCHEDULE B
DEFINITIONS

Unless otherwise defined, technical terms used in this Annual Information Form have the following meanings. CIM Standards definitions are marked with an asterisk (*).

Term	Definition
assay	Analysis to determine the amount or proportion of the element of interest contained within a sample.
atomic absorption (AA)	A spectroanalytical procedure for the quantitative determination of chemical elements employing the absorption of optical radiation (light) by free atoms in the gaseous state.
ball mill	A horizontal rotating steel cylinder which grinds ore to fine particles. The grinding is carried out by the pounding and rolling of a charge of steel balls carried within the cylinder.
batholith	A very large igneous intrusion extending deep in the earth's crust.
block cave	Used to mine massive, steeply-dipping ore bodies. An undercut with haulage access is driven under the ore body, with "drawbells" excavated between the top of the haulage level and the bottom of the undercut. The drawbells serve as a place for caving rock to fall into. The ore body is drilled and blasted above the undercut, and the ore is removed via the haulage access.
block model	A three-dimensional model that forms the basic framework of a Mineral Resource estimate.
bornite	A brittle reddish-brown crystalline mineral with an iridescent purple tarnish, consisting of a sulphide of copper and iron.
breccia	A coarse-grained clastic rock, composed of angular broken rock fragments held together by a mineral cement or in a fine-grained matrix; it differs from conglomerate in that the fragments have sharp edges and unworn corners.
bullion	Gold or silver in bulk before coining, or valued by weight.
by-product	A secondary metal or mineral product that is recovered along with the primary metal or mineral product during the ore concentration process.
calc-alkalic	Rocks are rich in alkaline earths (magnesia and calcium oxide) and alkali metals and make up a major part of the crust of the earth's continents.
Cenozoic	The current and most recent of the three Phanerozoic geological eras, following the Mesozoic Era and covering the period from about 65 million years ago to the present.
chalcocite	A dark gray mineral that is an important ore of copper.
chalcopyrite	A copper mineral composed of copper, iron and sulphur. It tarnishes easily; going from bronze or brassy yellow to yellowish or grayish brown, has a dark streak, and is lighter in weight and harder than gold.
concentrate	A processing product containing the valuable ore mineral from which most of the waste mineral has been eliminated.

Term	Definition
core	Cylindrical rock cores produced by diamond drilling method that uses a rotating barrel and an annular-shaped, diamond-impregnated rock-cutting bit to produce cores and lift them to the surface to be examined.
Cretaceous	A geologic period and system from circa 145 to 66 million years ago. The Cretaceous follows the Jurassic period and is followed by the Paleogene period of the Cenozoic era. It is the last period of the Mesozoic Era, and, spanning 80 million years, the longest period of the Phanerozoic Eon.
crushing	Breaking of ore into smaller and more uniform fragments to be then fed to grinding mills or to a leach pad.
crust	The outermost solid shell of a rocky planet, which is chemically distinct from the underlying mantle.
cyanidation	A method of extracting exposed gold or silver grains from crushed or ground ore by dissolving the contained gold and silver in a weak cyanide solution.
decline	A downward inclined underground tunnel.
deformation	Change in the form or in the dimensions of a body produced by stress.
Devonian	A geologic period and system of the Paleozoic Era spanning from the end of the Silurian Period, about 419 million years ago, to the beginning of the Carboniferous Period, about 359 million years ago.
dilution	The effect of waste or low-grade ore being included unavoidably in the mine ore, lowering the recovered grade.
doré	Unrefined gold and silver bullion bars, which will be further refined to almost pure metal.
electrowinning	Recovery of a metal from a solution by means of electro-chemical processes.
fault	A fracture in the earth's crust accompanied by a displacement of one side of the fracture with respect to the other and in a direction parallel to the fracture.
Feasibility Study	A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.
felsic	Silicate minerals, magma, and rocks which are enriched in the lighter elements such as silicon, oxygen, aluminium, sodium, and potassium.
fire assay	Analysis to determine the amount or proportion of the element of interest contained within a sample alloy by removal of other metals. Also known as gravimetric analysis.
flotation	A separation process in which valuable mineral particles are induced to become attached to bubbles and float, while the non-valuable minerals sink.

Term	Definition
formation	Unit of sedimentary rock of characteristic composition or genesis.
geophysical survey	Exploration activity mapping an area showing the physics of the earth.
grade	The amount of metal in each tonne of ore, expressed as grams per tonne for precious metals.
grinding (milling)	Powdering or pulverizing of ore, by pressure or abrasion, to liberate valuable minerals for further metallurgical processing.
hectares	A metric unit of area measuring 100 metres by 100 metres.
hedging	Taking a buy or sell position in a futures market opposite to a position held in the cash market to minimize the risk of financial loss from an adverse price change.
Indicated Mineral Resource*	The part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.
Inferred Mineral Resource*	The part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
infill	The collection of additional samples between existing samples, used to provide greater geological detail and to provide more closely-spaced assay data.
intrusive	Igneous rock which, while molten, penetrated into or between other rocks and solidified before reaching the surface.
low-grade	Descriptive of ores relatively poor in the metal they are mined for; lean ore.
mafic	A group of dark-colored minerals, composed chiefly of magnesium and iron, that occur in igneous rocks.
Measured Mineral Resource*	The part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or

Term	Definition
	an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.
mill	A processing facility where ore is finely ground and then undergoes physical or chemical treatment to extract the valuable metals. Also, the device used to perform grinding (milling).
mineral claim / property / concession	Authorizes the holder to prospect and mine for minerals and to carry out works in connection with prospecting and mining.
Mineral Reserve*	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.
Mineral Resource*	A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.
Modifying Factors	Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
open pit mine	A mine where materials are removed entirely from a working that is open to the surface.
ore	Rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit.
Paleozoic	An era of geologic time that includes the Cambrian, Ordovician, Silurian, Devonian, Mississippian, Pennsylvanian and Permian periods and is characterized by the appearance of marine invertebrates, primitive fishes, land plants and primitive reptiles.
porphyry	A variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass.
Pre-Feasibility Study	A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is

Term	Definition
	established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.
Probable Mineral Reserve*	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.
Proven Mineral Reserve*	The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.
pyrite	A yellow iron sulphide mineral, normally of little value. It is sometimes referred to as "fool's gold."
pyroclastic	Rocks produced by explosive or aerial ejection of ash, fragments, and glassy material from a volcanic vent.
Qualified Person*	An individual who (i) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geosciences, or engineering, relating to mineral exploration or mining; (ii) has at least five years' experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (iii) has experience relevant to the subject matter of the mineral project and the technical report; (iv) is in good standing with a professional association; (v) and in the case of a professional association in a foreign jurisdiction, has a membership designation that (a) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and (ii) requires (1) a favourable confidential peer evaluation of the individual's character, professional judgment, experience, and ethical fitness; or (2) a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.
quality assurance and quality control (QA/QC)	The process of measuring and assuring product quality to meet consumer expectations.
reclamation	The restoration of a site after mining or exploration activity is completed.
reclamation and closure costs	The cost of reclamation plus other costs, including without limitation certain personnel costs, insurance, property holding costs such as taxes, rental and claim fees, and community programs associated with closing an operating mine.
recovered grade	Actual metal grade realized by the metallurgical process and treatment or ore, based on actual experience or laboratory testing.
recovery	A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.

Term	Definition
refining	The final stage of metal production in which impurities are removed from the molten metal.
reverse circulation	A drilling method that uses a rotating cutting bit within a double-walled drill pipe and produces rock chips rather than core. Air or water is circulated down to the bit between the inner and outer wall of the drill pipe. The chips are forced to the surface through the centre of the drill pipe and are collected, examined and assayed.
run-of-mine (ROM)	Ore in its natural, unprocessed state; pertaining to ore just as it is mined.
sample	A small portion of rock, or a mineral deposit, taken so that the metal content can be determined by assaying.
scoping study	A technical and economic study conducted to investigate the approximate economics and viability of various development options for the mining and treatment of a mineral deposit.
sedimentary rocks	Secondary rocks formed from material derived from other rocks and laid down under water. Examples are limestone, shale and sandstone.
semi-autogenous (SAG) mill	A steel cylinder with steel balls into which run-of-mine material is fed. The ore is ground with the action of large lumps of rock and steel balls.
shear zone	A geological term used to describe a geological area in which shearing has occurred on a large scale.
stock	A magma that has intruded into pre-existing rock in a columnar shape, typically a kilometre or more in diameter.
stockpile	Broken ore heaped on the surface, pending treatment or shipment.
tailings	The material that remains after all metals considered economic have been removed from ore during milling.
tailings facility	A natural or man-made confined area suitable for depositing the material that remains after the treatment of ore.
tonne	Metric unit of mass equaling 1,000 kilograms or 2,204.6 pounds. Called a "long ton."
ton	Unit of weight equaling 2,000 pounds. Called a "short ton."
tuff	Rock composed of fine volcanic ash.
vein	A fissure, fault or crack in a rock filled by minerals that have traveled upwards from some deep source.
volcanics	A general collective term for extrusive igneous and pyroclastic material and rocks.

SCHEDULE C
ABBREVIATIONS AND MEASUREMENT CONVERSION

Unless otherwise defined, abbreviations used in this Annual Information Form have the following meanings:

µ	Micron
AA	Atomic Absorption
Ag	Silver
Au	Gold
µg	Microgram
cm	Centimeter
Cu	Copper
ft	Foot
g	Gram
G	giga (billion)
HQ	diamond drill core measuring 2.5 inches in diameter (6.35 centimetres)
ICP	Induction Coupled Plasmaspectrometry
in	Inch
K	kilo (thousand)
km	Kilometer
km^2	kilometres squared
L	Litre
lb	Pound
m	Metre
m^2	metres squared
M	mega (million)
mm	Millimeter
NQ	diamond drill core measuring 1.78 inches in diameter (4.5 centimetres)
NSR	net smelter return
oz	Troy ounce/ounce (31.1035g)
PQ	diamond drill core measuring 3.35 inches in diameter (8.5 centimetres)
RC	reverse circulation
s	Second
st	short ton (one short ton equals 0.907 metric tonnes)
t	metric tonne (one metric tonne equals 1.102 short tons)
tpa	metric tonne per year
tpd	metric tonne per day
W	watt
yd	yard
Zn	Zinc

The following table lists Imperial measurements and their equivalent value under the Metric system:

Imperial	Converts to	Metric
1 in	=	2.54 cm
1 ft (12 in)	=	0.3048 m
1 yd (3ft)	=	0.9144 m
1 mile (1760 yd)	=	1.6093 km
1 square in (in2)	=	6.4516 cm^2
1 square ft (ft^2)	=	0.0929 m^2
1 square yd (yd^2)	=	0.8361 m^2
1 acre (4840 yd^2)	=	4046.9 m^2
1 square mile (640 acres)	=	2.59 km^2
short ton	=	0.907 metric tonnes

SCHEDULE D
EXCHANGE RATE AND METAL PRICE INFORMATION

Exchange Rate

The high, low, average and closing exchange rates for Canadian dollars in terms of the United States dollar (noon) for each of the three years ended December 31, 2020, 2019 and 2018 as quoted by the Bank of Canada, were as follows:

	2020	2019	2018
High	1.4496	1.3600	1.3642
Low	1.2718	1.2988	1.2288
Average [1]	1.3415	1.3269	1.2957
Closing	1.2732	1.2988	1.3642

[1] Calculated as an average of the daily noon rates for each period.

On March 26, 2021, the average exchange rate for Canadian dollars in terms of the United States dollar, as quoted by the Bank of Canada, was US$1 = C$1.2580.

Gold Prices

The high, low, average and closing afternoon fixing gold prices per troy ounce for each of the three years ended December 31, 2020, 2019 and 2018, as quoted by the London Bullion Market Association ("**LBMA**"), were as follows:

	2020 ($)	2019 ($)	2018 ($)
High	$2,067	1,546	1,355
Low	$1,474	1,269	1,178
Average	$1,770	1,392	1,269
Closing	$1,888	1,514	1,279

On March 26, 2021, the closing afternoon LBMA gold price per troy ounce, as quoted by the LBMA, was $1,731.80.

Copper Prices

The high, low, average and closing official cash settlement copper prices per pound for each of the three years ended December 31, 2020, 2019 and 2018, as quoted by the London Metal Exchange, were as follows:

On March 26, 2021, the closing official cash settlement copper price per pound, as quoted by the London Metal Exchange, was $4.05.

	2020 ($)	2019 ($)	2018 ($)
High	$3.61	2.98	3.29
Low	$2.09	2.51	2.64
Average	$2.80	2.72	2.96
Closing	$3.51	2.79	2.71

Exhibit 2


newgold™
Consolidated Financial Statements
For the year ended December 31, 2020

Contents

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS 2
MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING 3
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM 4
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM 6
CONSOLIDATED INCOME STATEMENTS 8
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 9
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION 10
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 11
CONSOLIDATED STATEMENTS OF CASH FLOW 12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 13
1. Description of business and nature of operations 13
2. Basis of preparation and significant accounting policies 13
3. Critical judgements in the application of accounting policies 24
4. Expenses 29
5. Trade and other receivables 31
6. Investments 31
7. Trade and other payables 31
8. Inventories 32
9. Mining interests 33
10. Sale of Blackwater 34
11. Long-term debt 35
12. Non-current derivative financial liabilities 38
13. Leases 40
14. Derivative instruments 41
15. Reclamation and closure cost obligations 43
16. Share capital 44
17. Income and mining taxes 47
18. Supplemental cash flow information 50
19. Segmented information 51
20. Capital risk management 54
21. Financial risk management 54
22. Fair value measurement 59
23. Compensation of key management personnel 62
24. Commitments 63

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements, the notes thereto and other financial information contained in the Management's Discussion and Analysis have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are the responsibility of the management of New Gold Inc. The financial information presented in the Management's Discussion and Analysis is consistent with the data that is contained in the consolidated financial statements. The consolidated financial statements, where necessary, include amounts which are based on the best estimates and judgment of management.

In order to discharge management's responsibility for the integrity of the financial statements, the Company maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the Company's assets are safeguarded, transactions are executed and recorded in accordance with management's authorization, proper records are maintained and relevant and reliable financial information is produced. These controls include maintaining quality standards in hiring and training of employees, policies and procedures manuals, a corporate code of conduct and ensuring that there is proper accountability for performance within appropriate and well-defined areas of responsibility. The system of internal controls is further supported by a compliance function, which is designed to ensure that we and our employees comply with securities legislation and conflict of interest rules.

The Board of Directors is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Audit Committee, which is composed of non-executive directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Directors who approve the consolidated financial statements. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal controls and review financial reporting issues.

The consolidated financial statements have been audited by Deloitte LLP, the Company's independent registered public accounting firm, in accordance with standards of the Public Company Accounting Oversight Board (United States).

(Signed) Renaud Adams

Renaud Adams
President and
Chief Executive Officer

(Signed) Robert Chausse

Robert Chausse
Executive Vice President and
Chief Financial Officer

Toronto, Canada
February 18, 2021

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d—15(f) under the Exchange Act as of December 31, 2020. In making this assessment, it used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on those criteria. There are no material weaknesses that have been identified by management.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by Deloitte LLP, the Company's independent registered public accounting firm, as stated in their report immediately preceding the Company's audited consolidated financial statements for the year ended December 31, 2020.

(Signed) Renaud Adams

Renaud Adams
President and
Chief Executive Officer

(Signed) Robert Chausse

Robert Chausse
Executive Vice President and
Chief Financial Officer

Toronto, Canada
February 18, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and Board of Directors of New Gold Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of New Gold Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flow, for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Mining Interests — Assessment of Whether Indicators of Impairment or Impairment Reversal Exist —Refer to Notes 2, 3 and 9 to the financial statements

Critical Audit Matter Description

The Company's determination of whether or not an indicator of impairment or impairment reversal exists in mining interests at the cash generating unit (CGU) levels requires significant management judgment.

While there are several factors that are required to determine whether or not an indicator of impairment or impairment reversal exists, the judgments with the highest degree of subjectivity are future commodity prices (for both gold and copper), the discount rate, and the in-situ ounce multiples. Auditing these estimates and inputs required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of a fair value specialist.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future commodity prices (for both gold and copper), the discount rate, and the in-situ ounce multiples in the assessment of indicators of impairment or impairment reversal included the following, among others:

- Evaluated the effectiveness of the Company's controls over management's assessment of indicators of impairment or impairment reversal.
- With the assistance of a fair value specialist;
    - Evaluated the future commodity prices (for both gold and copper) by comparing forecasts to third party forecasts,
    - Evaluated the reasonableness of the discount rate by comparing to independent market data, and
    - Evaluated the reasonableness of management's determination of the in-situ ounce multiples by comparing to independent market data.

"/s/ Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 18, 2021

We have served as the Company's auditor since 2007.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and Board of Directors of New Gold Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of New Gold Inc. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020 of the Company and our report dated February 18, 2021 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

"/s/ Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 18, 2021

CONSOLIDATED INCOME STATEMENTS

(in millions of U.S. dollars, except per share amounts)	Note	Year ended December 31 2020	2019
Revenues		**643.4**	630.6
Operating expenses	4	**339.9**	371.9
Depreciation and depletion		**193.1**	240.6
Revenue less cost of goods sold		**110.4**	18.1
Corporate administration		**15.6**	17.6
Corporate restructuring		**—**	1.1
Share-based payment expenses	16	**7.6**	1.7
Exploration and business development		**5.8**	5.6
Income (loss) from operations		**81.4**	(7.9)
Finance income	4	**1.1**	2.2
Finance costs	4	**(79.2)**	(62.6)
Other losses	4	**(78.3)**	(5.6)
Loss before taxes		**(75.0)**	(73.9)
Income tax (expense) recovery	17	**(4.3)**	0.4
Net loss		**(79.3)**	(73.5)
Net loss per share			
Basic	16	**(0.12)**	(0.12)
Diluted	16	**(0.12)**	(0.12)
Weighted average number of shares outstanding (in millions)			
Basic	16	**676.3**	611.1
Diluted	16	**676.3**	611.1

See accompanying notes to the condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended December 31	
(in millions of U.S. dollars)	**Note**	**2020**	**2019**
Net loss		**(79.3)**	(73.5)
Other comprehensive income			
Loss on revaluation of non-current derivative financial liabilities	12	**(103.2)**	(24.4)
Deferred income tax related to non-current derivative financial liabilities	12	**—**	4.7
Total other comprehensive loss		**(103.2)**	(19.7)
Total comprehensive loss		**(182.5)**	(93.2)

See accompanying notes to the condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of U.S. dollars)	Note	As at December 31 2020	As at December 31 2019
ASSETS			
Current assets			
Cash and cash equivalents		**186.3**	83.4
Trade and other receivables	5	**77.1**	23.7
Inventories	8	**93.3**	110.0
Current income tax receivable		**4.0**	4.5
Investments	6	**45.4**	0.5
Prepaid expenses and other		**12.7**	7.1
Total current assets		**418.8**	229.2
Mining interests	9	**1,828.3**	1,928.0
Other assets		**3.0**	1.3
Total assets		**2,250.1**	2,158.5
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	7	**158.0**	171.6
Current income tax payable		**0.7**	0.3
Total current liabilities		**158.7**	171.9
Reclamation and closure cost obligations	15	**113.5**	94.7
Non-current derivative financial liabilities	12	**617.4**	142.9
Long-term debt	11	**489.2**	714.5
Deferred tax liabilities	17	**53.5**	48.3
Lease obligations	13	**19.5**	23.9
Other liabilities		**9.0**	1.0
Total liabilities		**1,460.8**	1,197.2
Equity			
Common shares	16	**3,154.0**	3,144.5
Contributed surplus		**106.7**	105.7
Other reserves		**(116.8)**	(13.6)
Deficit		**(2,354.6)**	(2,275.3)
Total equity		**789.3**	961.3
Total liabilities and equity		**2,250.1**	2,158.5

See accompanying notes to the condensed consolidated financial statements.

Approved and authorized by the Board of Directors on February 18, 2021

"Ian Pearce"
Ian Pearce, Director

"Marilyn Schonberner"
Marilyn Schonberner, Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Year ended December 31	
(in millions of U.S. dollars)	**Note**	**2020**	**2019**
COMMON SHARES			
Balance, beginning of period		**3,144.5**	3,035.2
Common share issuance		**—**	109.3
Issuance of common shares under First Nations agreements		**0.7**	—
Issuance of flow through shares		**8.6**	—
Exercise of options and vested performance share units		**0.2**	—
Balance, end of period		**3,154.0**	3,144.5
CONTRIBUTED SURPLUS			
Balance, beginning of period		**105.7**	105.0
Equity settled share-based payments		**1.0**	0.7
Balance, end of period		**106.7**	105.7
OTHER RESERVES			
Balance, beginning of period		**(13.6)**	6.1
Loss on revaluation of non-current derivative financial liabilities (net of tax)	12	**(103.2)**	(19.7)
Balance, end of period		**(116.8)**	(13.6)
DEFICIT			
Balance, beginning of period		**(2,275.3)**	(2,201.8)
Net loss		**(79.3)**	(73.5)
Balance, end of period		**(2,354.6)**	(2,275.3)
Total equity		**789.3**	961.3

See accompanying notes to the condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

		Year ended December 31	
(in millions of U.S. dollars)	**Note**	**2020**	**2019**
OPERATING ACTIVITIES			
Net loss		**(79.3)**	(73.5)
Adjustments for:			
Loss on disposal of Blackwater	10	**30.2**	—
Foreign exchange (gain) loss		**(1.4)**	3.3
Depreciation and depletion		**194.6**	241.7
Financial instrument transaction costs	12	**3.4**	—
Other non-cash adjustments	18	**55.3**	17.5
Income tax expense (recovery)	17	**4.3**	(0.4)
Finance income	4	**(1.1)**	(2.2)
Finance costs	4	**79.2**	62.6
Reclamation and closure costs paid	15	**(7.4)**	(8.8)
		277.8	240.2
Change in non-cash operating working capital	18	**16.2**	25.9
Income taxes recovered (paid)		**0.8**	(2.6)
Cash generated from operations		**294.8**	263.5
INVESTING ACTIVITIES			
Mining interests		**(284.2)**	(253.3)
Proceeds from sale of Mesquite	5	**9.1**	12.4
Proceeds from sale of other assets		**0.1**	2.7
Investment acquisitions		**(2.1)**	—
Proceeds from sale of Blackwater		**102.8**	—
Government grant received		**—**	2.0
Interest received		**1.1**	2.2
Cash used by investing activities		**(173.2)**	(234.0)
FINANCING ACTIVITIES			
Issuance and repayment of senior unsecured notes, net of transaction costs	11	**(221.6)**	(100.0)
Proceeds from New Afton free cash flow interest obligation, net of transaction costs	12	**296.6**	—
Proceeds received from issuance of shares	16	**10.2**	106.7
Lease payments		**(11.0)**	(13.0)
Cash settlement of gold stream obligation	12	**(21.9)**	(19.8)
Interest paid		**(42.8)**	(54.1)
Financing initiation costs		**(1.4)**	—
(Repayment) drawdown of credit facility	11	**(30.0)**	30.0
Cash used by financing activities		**(21.9)**	(50.2)
Effect of exchange rate changes on cash and cash equivalents		**3.2**	0.4
Change in cash and cash equivalents		**102.9**	(20.3)
Cash and cash equivalents, beginning of period		**83.4**	103.7
Cash and cash equivalents, end of period		**186.3**	83.4
Cash and cash equivalents are comprised of:			
Cash		**125.4**	66.0
Short-term money market instruments		**60.9**	17.5
		186.3	83.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020
(Amounts expressed in millions of U.S. dollars, except per share amounts and unless otherwise noted)

1. Description of business and nature of operations

New Gold Inc. (“New Gold” or the “Company”) is an intermediate gold mining company engaged in the development and operation of mineral properties. The assets of the Company, directly or through its subsidiaries, are comprised of the Rainy River Mine in Canada (“Rainy River”), the New Afton Mine in Canada (“New Afton”) and the Cerro San Pedro Mine in Mexico (“Cerro San Pedro” or "CSP"). The Company completed the sale of the Blackwater Project in Canada ("Blackwater") in August 2020, but retained a stream on future gold production from Blackwater.

The Company is a corporation governed by the Business Corporations Act (British Columbia). The Company’s shares are listed on the Toronto Stock Exchange and the NYSE American under the symbol NGD. The Company’s registered office is located at 1100 Melville Street, Suite 610, Vancouver, British Columbia, V6E 4A6, Canada.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IASB”), referred to as “IFRS”. These consolidated financial statements were approved by the Board of Directors of the Company on February 18, 2021.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for those assets and liabilities that are measured at fair values at the end of each reporting period. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

Subsidiaries

These consolidated financial statements include the financial statements of the Company and entities controlled by the Company (“Subsidiaries”). Control exists when the Company is exposed, or has rights to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

The Principal Subsidiary of the Company is as follows:

Name of subsidiary[1]	Principal activity	Method of accounting	Country of incorporation and operation	Interest as at December 31, 2020	Interest as at December 31, 2019
Minera San Xavier S.A. de C.V.	Reclamation	Consolidated	Mexico	100 %	100 %

1. *New Gold Inc. directly owns the assets of Rainy River and New Afton.*

(d) Business combinations and asset acquisitions

A business combination is an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Company and its shareholders in the form of improved earnings, lower costs or other economic benefits.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at 100% of their acquisition-date fair values. The acquisition date is the date the Company obtains control over the acquiree, which is generally the date that consideration is transferred and the Company acquires the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. The measurement date for equity interests issued by the Company is the acquisition date.

Acquisition-related costs, other than costs to issue debt or equity securities, of the Company, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees are expensed as incurred. The costs to issue equity securities of the Company as consideration for the acquisition are reduced from share capital as share issue costs.

The Company accounts for the purchase of assets and assumption of liabilities as an acquisition of net assets when the transactions do not qualify as a business combination under IFRS 3, Business Combinations, as the significant inputs and processes that constitute a business are not identified. The purchase consideration is allocated to the fair value of the assets acquired and liabilities assumed based on management's best estimates and available information at the time of the acquisition. Acquisition-related costs, other than costs to issue debt or equity securities, of the Company, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees are capitalized as part of the asset acquisition.

(e) Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents. These highly liquid investments only comprise short-term Canadian and United States government treasury bills and other evidences of indebtedness and treasury bills of the Canadian provinces with a minimum credit rating of R-1 mid from the Dominion Bond Rating Service or an equivalent rating from Standard & Poor's and Moody's. In addition, the Company invests in bankers' acceptances and other evidences of indebtedness of certain financial institutions, including Canadian banks.

(f) Inventories

Finished goods, work-in-process, and stockpiled ore are valued at the lower of weighted average production cost or net realizable value. Production costs include the cost of raw materials, direct labour,

mine-site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert the inventories into saleable form. At operations where ore extracted contains significant amount of metals other than gold, primarily copper or silver, cost is allocated between the joint products on a pro rata basis.

Stockpiles represent ore that has been extracted from the mine and is available for further processing. Costs are added to stockpiles based on current mining costs, including applicable overhead and depreciation and depletion relating to mining operations and removed at each stockpile's average cost per recoverable unit as material is processed.

Work-in-process inventory represents materials that are currently in the process of being converted into finished goods. The average production cost of finished goods represents the average cost of work-in-process inventories incurred prior to the refining process, plus applicable refining, selling, shipping costs and associated royalties.

Supplies are measured at weighted average cost. In the event that the net realizable value of the finished product, the production of which the supplies are held for use in, is lower than the expected cost of the finished product, the supplies are written down to net realizable value.

(g) Mining interests

Mining interests include mining properties and related plant and equipment. Capitalized costs are depreciated and depleted using either a unit-of-production method over the estimated economic life of the mine to which they relate, or for plant and equipment, using the straight-line method over their estimated useful lives, if shorter than the mine life.

Mining properties

The costs associated with mining properties include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired.

Mining properties include costs directly attributable to bringing a mineral asset into the state where it is capable of operating in the manner intended by management. Mineral properties also include the Company's retained 8% stream on gold production from the Blackwater property. The determination of development costs to be capitalized during the production stage of a mine operation requires the use of judgments and estimates.

The Company estimates its mineral reserves and mineral resources based on information compiled by appropriately qualified persons. The estimation of recoverable reserves will be impacted by forecasted commodity prices, exchange rates, production costs and recoveries amongst other factors. Changes in the reserve or resource estimates may impact the carrying value of assets and depreciation and impairment charges recorded in the consolidated income statement.

A mining property is considered to be capable of operating in a manner intended by management when it commences commercial production. The critical judgments included in the determination of the commencement of commercial production are described in Note 3(a)(i). Upon commencement of commercial production, a mining property is depleted on a unit-of-production method. Unit-of-production

depletion rates are determined based on the estimated recoverable proven and probable mineral reserves at the mine.

Costs related to property acquisitions are capitalized until the viability of the mineral property is determined. When either external or internal triggering events determine that a property is not economically recoverable, the capitalized costs are written off.

The costs associated with the acquisition of land holdings are included within mining interest and are not depleted.

Exploration and evaluation

Exploration and evaluation costs are expensed until the probability that future economic benefits will flow to the entity and the asset cost or value can be measured reliably. Management uses the following criteria to determine the economic recoverability and probability of future economic benefits:

- The Company controls access to the benefit;
- Internal project economics are beneficial to the Company;
- The project is technically feasible; and
- Costs can be reliably measured.

Further development expenditures are capitalized to the property.

Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration expenditures and are expensed as incurred to the date of establishing that property costs are economically recoverable. Further development expenditures, subsequent to the establishment of economic recoverability, are capitalized to the property.

Property, plant and equipment

Property, plant and equipment consists of buildings and fixtures, processing equipment and surface and underground fixed and mobile equipment.

Depreciation and depletion rates of major categories of asset costs

Mining properties are depleted using a unit-of-production method over the estimated economic life of the mine to which they relate. Management reviews the estimated total recoverable ounces contained in depletable reserves at each financial year end, and when events and circumstances indicate that such a review should be made. Plant and equipment is depreciated using the straight-line method over their estimated useful lives, or the remaining life of the mine, if shorter. Right-of-use assets are depreciated using the straight-line method over the remaining lease term, or the remaining life of the mine, if shorter. In the current year, the Company updated the estimated useful life of plant and machinery that are amortized over the life-of-mine in order to reflect the updated life-of-mine plans. Plant and machinery amortized over the life-of-mine have an estimated useful life of 9 years.Changes to estimated useful lives are applied prospectively.

Asset class	Estimated useful life (years)
Plant and machinery	3 - 9
Mobile equipment	5 - 7

Capitalized borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized until such time as the assets are substantially ready for their intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of interest rates applicable to relevant general borrowings of the Company during the period, to a maximum of actual borrowing costs incurred. Capitalization of interest is suspended during extended periods in which active development is interrupted.

Stripping costs in surface mining

As part of its operations, the Company incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred as part of development stage mining activities incurred by the Company are deferred and capitalized as part of mining properties.

Stripping costs incurred during the production stage are incurred in order to produce inventory or to improve access to ore which will be mined in the future. Where the costs are incurred to produce inventory, the production stripping costs are accounted for as a cost of producing those inventories. Where the costs are incurred to improve access to ore which will be mined in the future, the costs are deferred and capitalized to the statement of financial position as a stripping activity asset (included in mining interest) if the following criteria are met: improved access to the ore body is probable; the component of the ore body can be accurately identified; and the costs relating to the stripping activity associated with the component can be reliably measured. If these criteria are not met, the costs are expensed in the period in which they are incurred.

The stripping activity asset is subsequently depleted using the units-of-production depletion method over the life of the identified component of the ore body to which access has been improved as a result of the stripping activity.

Derecognition

Upon sale or abandonment, the cost of the asset and related accumulated depreciation or depletion are removed from the accounts and any gains or losses thereon are recognized in net earnings.

(h) Impairment of long-lived assets

The Company reviews and evaluates its mining interests for indicators of impairment at the end of each reporting period. Impairment assessments are conducted at the level of cash-generating units (“CGU”). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each operating mine represents a separate CGU as each mine site or development project has the ability or the potential to generate cash inflows that are separately identifiable and independent of each other. If an indication of impairment exists, the

recoverable amount of the CGU is estimated. An impairment loss is recognized when the carrying amount of the CGU is in excess of its recoverable amount.

The recoverable amount of a mine site is the greater of its fair value less costs to dispose and value in use. In determining the recoverable amounts of the Company's mine sites, the Company uses the fair value less costs to dispose as this will generally be greater than or equal to the value in use. When there is no binding sales agreement, fair value less costs to dispose is estimated as the discounted future after-tax cash flows expected to be derived from a mine site, less an amount for costs to dispose estimated based on similar past transactions. The inputs used in the fair value measurement constitute Level 3 inputs under the fair value hierarchy. When discounting estimated future cash flows, the Company uses an after-tax discount rate that would approximate what market participants would assign. Estimated cash flows are based on expected future production, metal selling prices, operating costs and capital costs. If the recoverable amount of a mine site is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. The carrying amount of each mine site includes the carrying amounts of mining properties, plant and equipment, and certain deferred tax balances. Impairment losses are recognized as expenses in the period they are incurred. The allocation of an impairment loss, if any, for a particular mine site to its assets is based on the relative book values of these assets at the date of impairment, to the extent that the impairment allocation does not reduce the carrying values of these asset classes below their recoverable amounts.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for a long-lived asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that CGU. A reversal of an impairment loss is recognized up to the lesser of the recoverable amount or the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the CGU in prior years. Reversals of impairment losses are recognized in net earnings in the period the reversals occur.

(i) Reclamation and closure cost obligations

The Company's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. The Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. The Company has recorded a liability and corresponding asset for the estimated future cost of reclamation and closure, including site rehabilitation and long-term treatment and monitoring costs. These costs represent management's best estimates which incorporate assumptions on the effects of inflation, movements in foreign exchange rates and the effects of country and other specific risks associated with the related liabilities. The costs are discounted to net present value using the risk free rate applicable to the future cash outflows. Such estimates are, however, subject to changes in laws and regulations or changes to market inputs to the decommissioning model.

The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made.

After the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized in finance costs, whereas increases and decreases due to changes in the estimated future cash flows are capitalized and depreciated over the life of the related asset unless the amount

deducted from the cost exceeds the carrying value of the asset, in which case the excess is recorded in net earnings. Actual costs incurred upon settlement of the site restoration obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded in net earnings.

(j) Income taxes

The income tax expense or benefit for the period consists of two components: current and deferred.

Current Tax

The tax currently payable is based on taxable earnings for the year. Taxable earnings differ from earnings before taxes due to items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the statement of financial position date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable net earnings. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred tax liabilities are generally recorded for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in Subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable earnings will be available against which those deductible temporary differences can be utilized. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax for the year

Current and deferred tax are recognized in net earnings except when they arise as a result of items recognized in other comprehensive income or directly in equity in the current or prior periods, in which case the related current and deferred income taxes are also recognized in other comprehensive income or directly in equity, respectively.

Government assistance and tax credits

Any federal or provincial tax credits received by the Company, with respect to exploration or development work conducted on any of its properties, are credited as a reduction to the carrying costs of the property to which the credits relate. Federal subsidies related to the Canada Emergency Wage Subsidy ("CEWS") are credited as a reduction to operating expenses. The Company records these tax credits when there is reasonable assurance with regard to collections and assessments as well as reasonable assurance that the Company will comply with the conditions associated to them.

(k) Foreign currency translation

The individual financial statements of each Subsidiary are presented in the currency of the primary economic environment in which that entity operates (its functional currency). The functional currency of the Company and the presentation currency of the consolidated financial statements is the United States dollar (“U.S. dollar”).

Management determines the functional currency by examining the primary economic environment of each operating mine, development and exploration project. The Company considers the following factors in determining its functional currency:

- The main influences of sales prices for goods and the country whose competitive forces and regulations mainly determine the sales price;
- The currency that mainly influences labour, material and other costs of providing goods;
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

When preparing the consolidated financial statements of the Company, the Company translates non-U.S. dollar balances into U.S. dollars as follows:

- Mining interest and equity method investments using historical exchange rates;
- Financial instruments measured at fair value through profit or loss using the closing exchange rate as at the statement of financial position date with translation gains and losses recorded in net earnings;
- Deferred tax assets and liabilities using the closing exchange rate as at the statement of financial position date with translation gains and losses recorded in net earnings;
- Other assets and liabilities using the closing exchange rate as at the statement of financial position date with translation gains and losses recorded in net earnings; and
- Income and expenses using the average exchange rate for the period, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as the associated non-monetary assets and liabilities.

(l) Earnings (loss) per share

Earnings (loss) per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share are calculated using the treasury stock method. This requires the calculation of diluted earnings per share by assuming that outstanding stock options with an average market price that exceeds the average exercise price of the options and warrants for the year, are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common share for the year.

(m) Revenue recognition

Revenue from the sale of metals and metals in concentrate is recognized when the Company satisfies the performance obligations associated with the sale. Typically, this is accomplished when control over the metals and metals in concentrate are passed from the Company to the buyer. Factors that may indicate the point in time at which control passes include:

- The Company has transferred to the buyer the significant risks and rewards of ownership to the purchaser;
- The Company has transferred legal title to the asset sold to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The Company has transferred physical possession of the asset to the purchaser;
- The Company has present right to payment; and
- The purchaser has accepted the asset.

Revenue from the sale of metals in concentrate may be subject to adjustment upon final settlement of estimated metal prices, weights and assays. Revenue is recognized based on the estimated fair value of the total consideration receivable. Adjustments to revenue for metal prices and other adjustments are recorded at each period end and on final settlement. Refining and treatment charges are netted against revenue for sales of metal concentrate.

(n) Financial assets

Financial assets are initially measured at fair value and are subsequently measured at either amortized cost or fair value through profit or loss, depending on the classification of the financial assets. The classification of assets is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the last bid price of the day. The Company has categorized its financial assets in accordance with International Financial Reporting Standard 9, Financial Instruments ("IFRS 9") into one of the following two categories:

Category under IFRS 9	Description
Fair value through profit or loss	Includes marketable securities, gold and copper price option contract assets, gold and copper swap contracts, copper forward contracts, and other financial assets designated to this category under the fair value option. The Company has assessed the contractual cash flows of its provisionally priced contracts in accordance with IFRS 9 and has classified these contracts as fair value through profit or loss (“FVTPL”).
Financial assets at amortized cost	Includes cash and cash equivalents, and trade receivables at amortized cost.

Marketable equity securities

Marketable equity securities are designated on initial recognition as financial assets measured at FVTPL. Marketable securities are measured at FVTPL at the end of each reporting period end, with any fair value gains or losses recognized in profit or loss. Fair value is determined by applying the quoted price for each marketable equity security to the number of instruments held at each reporting period end.

(o) Financial liabilities

Financial liabilities are accounted for at amortized cost except for those at FVTPL which includes liabilities designated as FVTPL and derivatives. Financial liabilities classified as FVTPL or those which are designated as FVTPL under the fair value option are measured at fair value with unrealized gains and losses recognized in net earnings. In cases where financial liabilities are designated as FVTPL, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Income statement. Financial liabilities at amortized cost are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost.

The Company has classified its financial liabilities in accordance with IFRS 9 into one of the following two categories:

Category under IFRS 9	Description
Fair value through profit or loss	Includes provisions related to the RSU plans, DSU plans and the cash settled portion of the PSU plans, gold and copper price option contract liabilities, gold stream obligation and the free cash flow interest obligation.
Financial liabilities at amortized cost	Includes trade and other payables and long-term debt.

(p) Derivative instruments

Derivative instruments, including embedded derivatives, are recorded at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recorded in net earnings.

Non-current derivative financial liabilities

The Company has a gold stream agreement with RGLD Gold AG (the "Rainy River gold stream obligation"), a wholly owned subsidiary of Royal Gold Inc. (“Royal Gold”). Additionally, in the first quarter of 2020, New Gold entered into a strategic partnership with Ontario Teachers’ Pension Plan (“Ontario Teachers’”) whereby Ontario Teachers' acquired a 46% free cash flow interest in the New Afton mine (the "New Afton free cash flow interest obligation"). For accounting purposes, the Company has determined that these obligations represent financing contracts with embedded derivatives. The value of the embedded derivatives changes in response to various factors, such as metal prices and the economic

output of the underlying mines. As these obligations have embedded derivatives that would otherwise need to be accounted for separately at FVTPL, the Company has designated the deposit received from the counterparties as a financial liability at FVTPL, with initial and subsequent measurement at fair value, as permitted under IFRS 9, for both instruments. Transaction costs directly attributable to non-current derivative financial liabilities were expensed through profit or loss.

Fair value of the non-current derivative financial liabilities on initial recognition was determined by the amount of the cash advance received. Subsequent fair value is calculated on each reporting date with gains and losses recorded in net earnings. Fair value adjustments as a result of the Company's own credit risk are recorded in the consolidated statement of comprehensive loss, as required by IFRS 9 for financial liabilities designated as at FVTPL. Components of the adjustment to fair value for the non-current derivative financial liabilities at each reporting date include:

Financial instrument	Components of the adjustment to fair value
Rainy River gold stream obligation	• Accretion expense due to passage of time • Change in the risk-free interest rate • Change in the Company specific credit spread • Change in any expected ounces to be delivered • Change in future metal prices
New Afton free cash flow interest obligation	• Accretion expense due to passage of time • Change in the risk-free interest rate • Change in the Company specific credit spread • Change in any expected ounces to be delivered • Change in future metal prices • Change in production profile, operating and capital costs at New Afton, including considerations to the minimum cash guarantee over the first four years of the instrument.

Provisional pricing

Certain products are "provisionally priced" whereby the selling price is subject to final adjustment up to 150 days after delivery to the customer. The final price is based on the market price at the relevant quotation point stipulated in the contract. As is customary in the industry, revenue on provisionally priced sales is recognized based on estimates of the fair value of the consideration receivable based on relevant forward market prices. At each reporting date, provisionally priced metal is marked to market based on the forward selling price for the quotational period stipulated in the contract. For this purpose, the selling price can be measured reliably for those products, such as gold and copper, for which there exists active and freely traded commodity markets. The marking to market of provisionally priced sales contracts is recorded as an adjustment to revenue.

Gold price option contracts

In order to increase cash flow certainty, the Company held gold price option contracts, purchasing put options and selling call options. These are treated as derivative financial instruments and marked to market at each reporting period on the consolidated statement of financial position with changes in fair value recognized in other gains and losses. Realized gains and losses as a result of the exercise of the Company's call and put options up to an amount not exceeding the Company's production of gold ounces or copper pounds for the reporting period are recorded as an adjustment to revenue. The exercise of options on gold ounces or copper pounds in excess of the Company's production for the reporting period are recorded as other gains and losses.

Gold and copper swaps

In order to mitigate a portion of the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales, the Company has entered into cash settled derivative gold and copper contracts to swap future contracted monthly average metal prices for fixed metal prices. At each reporting date, these gold and copper swap agreements are marked to market based on corresponding forward gold and copper prices. The marking to market of gold and copper swap agreements is recorded as an adjustment to revenue.

(q) Trade and other receivables

Trade and other receivables are carried at amortized cost less impairment. Trade and other receivables are impaired if they are determined to be uncollectible.

(r) Leases

The Company recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position initially measured as the present value of future lease payment and recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement. Lease payments, including both principal and interest components, are recognized within the consolidated statement of cash flows within financing activities.

For short-term leases (lease terms of 12 months or less) and leases of low-value or immaterial assets, the Company has opted to recognize these lease payments as expenses on the consolidated income statement, as permitted by IFRS 16. This expense is presented within operating expenses.

3. Critical judgements in the application of accounting policies

The preparation of the Company's consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(a) Critical judgments in the application of accounting policies

(i) Commencement of commercial production

Prior to the period when a mine has reached management's intended operating levels, costs incurred as part of the development of the related mining property are capitalized and any mineral sales during the commissioning period are offset against the costs capitalized. The Company defines the commencement of commercial production as the date that a mine has achieved a consistent level of production. Depletion

of capitalized costs for mining properties begins when operating levels intended by management have been reached.

There are a number of factors the Company considers when determining if conditions exist for the commencement of commercial production of an operating mine. Management examines the following when making that judgment:

- All major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed;
- The completion of a reasonable period of testing of the mine plant and equipment has been completed;
- The mine or mill has reached a pre-determined percentage of design capacity; and
- The ability to sustain ongoing production of ore has been achieved.

The list is not exhaustive and each specific circumstance is taken into account before making the decision.

(ii) Functional currency

The functional currency for each of the Company's Subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity as the U.S. dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determines the primary economic environment.

(iii) Determination of economic viability

Management has determined that exploratory drilling, evaluation, development and related costs incurred on New Gold's projects have future economic benefits and are economically recoverable. In making this judgment, management has assessed various criteria including, but not limited to, the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, operating management expertise, existing permits, the expectation of receiving additional permits and life-of-mine ("LOM") plans.

(iv) Carrying value of long-lived assets and impairment charges

In determining whether the impairment or reversal of a previous impairment of the carrying value of an asset is necessary, management first determines whether there are external or internal indicators that would signal the need to test for impairment or impairment reversal. These indicators consist of but are not limited to the prolonged significant changes in commodity prices, per ounce in-situ multiples, significant change to LOM plans, significant changes in discount rates and if applicable the factors which lead to a market capitalization deficiency. If an impairment or impairment reversal indicator is identified, the Company compares the carrying value of the asset against the recoverable amount. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

(v) Determination of CGU

In determining a CGU, management had to examine the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. The Company has determined that each mine site qualifies as an individual CGU. Each of these assets generates or will have the ability to generate cash inflows that are independent of the other assets and therefore qualifies as an individual asset for impairment testing purposes.

(vi) Classification of non-current derivative financial liabilities

The Company holds metal streaming and free cash flow arrangements with Royal Gold and Ontario Teachers'. Management has assessed these arrangements under the scope of IFRS 9 as to whether or not the arrangements constitute a financial instrument. As these obligations have embedded derivatives that would otherwise need to be accounted for separately at FVTPL, Management has elected these arrangements to be financial liabilities at FVTPL, with initial and subsequent measurement at fair value, as permitted under IFRS 9.

(b) Key sources of estimation uncertainty in the application of accounting policies

(i) Revenue recognition

Revenue from sales of concentrate is recorded when control of the goods pass to the purchaser. Variations between the prices set in the contracts and final settlement prices may be caused by changes in the market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each reporting period until final settlement occurs, with changes in the fair value being recorded as revenue. For changes in metal quantities upon receipt of new information and assays, the provisional sales quantities are adjusted as well, with the change being recorded as revenue.

(ii) Inventory valuation

Management values inventory at the lower of weighted average production costs or net realizable value (“NRV”). Weighted average production costs include expenditures incurred and depreciation and depletion of assets used in mining and processing activities that are deferred and accumulated as the cost of ore in stockpiles, work-in-process and finished metals inventories. The allocation of costs to ore in stockpiles and in-process inventories and the determination of NRV involve the use of estimates. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces or pounds (based on assay data), and the estimated metallurgical recovery rates (based on the expected processing method). Timing and ultimate recovery of metal contained in stockpiles vary from the estimates.

(iii) Mineral reserves and resources

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous estimates in determining the mineral reserves and resource estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions including economic assumptions, such as metal prices and market conditions, could have a material effect in the future on the Company’s financial position and results of operations.

(iv) Estimated recoverable ounces

The carrying amounts of the Company's mining properties are depleted based on recoverable ounces. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to the Company's mine plans and changes in metal price forecasts can result in a change to future depletion rates.

(v) Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on LOM projections internally developed and reviewed by management. The Company considers tax planning opportunities that are within the Company's control, are feasible and implementable without significant obstacles. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

(vi) Reclamation and closure cost obligations

The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

(vii) COVID-19 Economic Uncertainty

The Company has assessed the economic impacts of the novel coronavirus ("COVID-19") pandemic on its consolidated financial statements. As at December 31, 2020, management has determined that the Company's ability to execute its medium and longer term plans and the economic viability of its assets (including the carrying value of its long-lived assets and inventory valuations) are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in our supply chain, disruptions in the markets for our products, commodity prices and foreign exchange prices and the actions that the Company has taken at its operations to protect the health and safety of its workforce and local community.

(viii) The Company's retained stream on gold production from the Blackwater property

In conjunction with the sale of Blackwater, the Company retained an 8% stream on gold production from the Blackwater property (reducing to 4% of gold production once approximately 280,000 ounces of gold have been delivered to New Gold) (Note 10). Management has determined that the Company retains

future economic benefits associated with the property through this streaming arrangement and has accounted for the Blackwater stream as a retained mineral interest in the property.

4. Expenses

(a)Operating expenses by nature

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
OPERATING EXPENSES BY NATURE		
Raw materials and consumables	**131.1**	126.6
Salaries and employee benefits[1]	**117.0**	112.5
Contractors	**64.2**	81.1
Repairs and maintenance	**37.0**	37.2
General and administrative	**23.0**	24.4
Leases	**4.1**	6.9
Royalties	**8.5**	6.2
Drilling and analytical	**3.8**	3.8
Other	**13.3**	6.1
Total production expenses	**402.0**	404.8
Less: Production expenses capitalized	**(70.9)**	(71.6)
Add (less): Change in inventories	**8.8**	38.7
Total operating expenses	**339.9**	371.9

1. *The government of Canada has provided the Canada Emergency Wage Subsidy for eligible Canadian employers whose business has been affected by COVID-19. This wage subsidy is treated as government assistance and has resulted in a reduction to salaries and employee benefits of $11.6 million for the year ended December 31, 2020.*

(b) Finance costs and income

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
FINANCE COSTS		
Interest on senior unsecured notes	**47.5**	51.7
Interest on Credit Facility	**1.2**	0.1
Accretion	**4.3**	2.7
Loss on repayment of long-term debt (Note 11)	**23.3**	1.2
Other finance costs	**6.6**	7.5
Total finance costs	**82.9**	63.2
Less: amounts included in cost of qualifying assets	**(3.7)**	(0.6)
Total finance costs	**79.2**	62.6
FINANCE INCOME		
Interest income	**1.1**	2.2

(c) Other (losses) and gains

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
OTHER (LOSSES) AND GAINS		
Underground shutdown costs[1]	**—**	(3.4)
Gain (loss) on foreign exchange	**1.2**	(3.7)
Loss on disposal of assets	**(1.6)**	(1.2)
Gain on revaluation of investments	**17.4**	—
Unrealized (loss) gain on revaluation of non-current derivative financial liabilities	**(110.4)**	20.1
Settlement and gain (loss) on revaluation of gold price option contracts	**26.4**	(21.7)
Settlement and loss on revaluation of copper price option contracts	**—**	(0.7)
Gain on foreign exchange derivative	**9.0**	1.5
Loss on sale of Blackwater (Note 10)	**(30.2)**	—
Revaluation of CSP's reclamation and closure cost obligation	**3.4**	0.6
New Afton free cash flow interest obligation transaction costs (Note 12)	**(3.4)**	—
Gain on receivable associated with Mesquite sale[2]	**12.8**	4.0
Other	**(2.9)**	(1.1)
Total other (losses) gains	**(78.3)**	(5.6)

1. *In early 2019, the Company announced that it has deferred the Rainy River underground mine development plan. As a result, the Company has recognized demobilization and related costs within other (losses) and gains.*
2. *The Company recognized a gain on the collection of the outstanding working capital proceeds due from the sale of Mesquite and income tax refunds at Mesquite.*

5. Trade and other receivables

(in millions of U.S. dollars)	As at December 31 2020	As at December 31 2019
TRADE AND OTHER RECEIVABLES		
Trade receivables	**8.0**	5.9
Sales tax receivable	**15.4**	7.1
Unsettled provisionally priced concentrate derivatives and swap contracts (Note 14)	**(0.9)**	0.2
Proceeds due from sale of Mesquite[1]	**12.8**	9.0
Proceeds due from sale of Blackwater (Note 10)	**39.3**	—
Other	**2.5**	1.5
Total trade and other receivables	**77.1**	23.7

1. *In 2019, the Company recognized a receivable of $ 9.0 million for outstanding working capital proceeds due from the sale of Mesquite and income tax refunds at Mesquite. This receivable was collected in 2020. In the current year, the Company recognized an additional receivable of $12.8 million for outstanding income tax refunds at Mesquite due to the enactment of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States, which supported the recognition of this receivable.*

6. Investments

(in millions of U.S. dollars)	As at December 31 2020	As at December 31 2019
INVESTMENTS		
Marketable equity securities[1]	**44.5**	—
Other	**0.9**	0.5
Total investments	**45.4**	0.5

1. *Included in marketable equity securities is the Company's investment in Artemis Gold Inc. ("Artemis"). Until November 2021, the Company requires Artemis' consent in order to transfer or dispose of the investment.*

7. Trade and other payables

(in millions of U.S. dollars)	As at December 31 2020	As at December 31 2019
TRADE AND OTHER PAYABLES		
Trade payables	**41.6**	39.7
Interest payable	**16.7**	6.1
Accruals	**57.4**	65.5
Current portion of reclamation and closure cost obligations (Note 15)	**5.7**	12.3
Current portion of gold stream obligation (Note 12)	**32.1**	21.6
Current portion of New Afton free cash flow interest obligation (Note 12)	**4.5**	—
Current portion of derivative liabilities (Note 14)	**—**	26.4
Total trade and other payables	**158.0**	171.6

8. Inventories

(in millions of U.S. dollars)	As at December 31 2020	As at December 31 2019
INVENTORIES		
Stockpile ore[2]	**21.6**	32.6
Work-in-process	**9.3**	8.3
Finished goods[1]	**7.0**	12.5
Supplies	**55.4**	56.6
Total current inventories	**93.3**	110.0

1. *The amount of inventories recognized in operating expenses for the year ended December 31, 2020 were $ 323.2 million (2019 - $358.0 million).*
2. *For the year ended December 31, 2019, the Company wrote down $ 19.8 million of stockpile ore at Rainy River, of which $ 14.1 million was included in operating expenses and $ 5.7 million was included in depreciation and depletion, primarily resulting from the write down of the low-grade stockpile.*

9. Mining interests

	Mining Properties				
	Depletable	Non- depletable	Plant & equipment	Construction in progress	**Total**
(in millions of U.S. dollars)					
COST					
As at December 31, 2018	1,262.7	367.6	1,191.4	127.2	2,948.9
Additions	87.3	43.5	75.5	103.5	309.8
Disposals	(0.2)	(0.1)	(6.7)	—	(7.0)
Transfers	101.3	—	—	(101.3)	—
Government grant[1]	—	(2.0)	—	—	(2.0)
As at December 31, 2019	**1,451.1**	**409.0**	**1,260.2**	**129.4**	**3,249.7**
Additions	**57.7**	**85.7**	**68.3**	**88.2**	**299.9**
Disposals	**—**	**—**	**(9.1)**	**—**	**(9.1)**
Transfers	**60.6**	**—**	**—**	**(60.6)**	**—**
Sale of Blackwater, net of retained mineral interest (Note 10)	**—**	**(194.3)**	**(20.3)**	**—**	**(214.6)**
As at December 31, 2020	**1,569.4**	**300.4**	**1,299.1**	**157.0**	**3,325.9**
ACCUMULATED DEPRECIATION					
As at December 31, 2018	717.0	—	378.5	—	1,095.5
Depreciation for the year	114.4	—	114.9	—	229.3
Disposals	—	—	(3.1)	—	(3.1)
As at December 31, 2019	**831.4**	**—**	**490.3**	**—**	**1,321.7**
Depreciation for the period	**77.7**	**—**	**112.0**	**—**	**189.7**
Disposals	**—**	**—**	**(7.2)**	**—**	**(7.2)**
Sale of Blackwater (Note 10)	**—**	**—**	**(6.6)**	**—**	**(6.6)**
As at December 31, 2020	**909.1**	**—**	**588.5**	**—**	**1,497.6**
CARRYING AMOUNT					
As at December 31, 2019	**619.7**	**409.0**	**769.9**	**129.4**	**1,928.0**
As at December 31, 2020	**660.3**	**300.4**	**710.6**	**157.0**	**1,828.3**

1. *The province of British Columbia provides an incentive for exploration in British Columbia as a refundable tax credit. This refundable tax credit is treated as government assistance and reduces Mining Interests. For the year ended December 31, 2019, the Company received $2.0 million in refundable tax credits which was recorded as a reduction to Mining Interests.*

Carrying amount by property as at December 31, 2020

				As at December 31, 2020	
(in millions of U.S. dollars)	**Depletable**	**Non- depletable**	**Plant & equipment**	**Construction in progress**	**Total**
MINING INTEREST BY SITE					
New Afton	**382.9**	**127.5**	**150.0**	**27.4**	**687.8**
Rainy River	**277.4**	**21.8**	**558.4**	**129.6**	**987.2**
Other[1]	**—**	**151.1**	**2.2**	**—**	**153.3**
Carrying amount	**660.3**	**300.4**	**710.6**	**157.0**	**1,828.3**

1. *Other includes corporate balances, exploration properties and the retained mineral interest in the Blackwater property (Note 10).*

Carrying amount by property as at December 31, 2019:

	As at December 31, 2019				
(in millions of U.S. dollars)	**Depletable**	**Non- depletable**	**Plant & equipment**	**Construction in progress**	**Total**
MINING INTEREST BY SITE					
New Afton	371.4	50.0	149.2	17.8	588.4
Rainy River	248.2	17.8	602.1	111.6	979.7
Blackwater	—	340.1	14.5	—	354.6
Other[1]	—	1.1	4.1	—	5.2
Carrying amount	619.7	409.0	769.9	129.4	1,928.0

1. Other includes corporate balances and exploration properties.

10. Sale of Blackwater

On August 21, 2020 the Company completed its previously announced sale of the Company's 100% interest in the Blackwater Project to Artemis Gold Inc. ("Artemis"). Upon closing of the sale, the Company received C$140 million in cash, a C$ 50 million receivable that is payable twelve months following closing of the transaction (the "second installment"), 7.4 million Artemis common shares, valued at approximately C$ 34 million at the date of the transaction (in aggregate, corresponding to $170.0 million). The Company retained an 8% stream on gold production from the Blackwater property (reducing to 4% of gold production once approximately 280,000 ounces of gold have been delivered to New Gold) (the "Blackwater stream"). For accounting purposes, the acquisition of the Blackwater stream reflects a retained mineral interest in the property.

In the event that agreed upon production targets at Blackwater are not achieved by the 7th, 8th or 9th anniversary of closing of the transaction, New Gold will be entitled to receive additional cash payments of C$28 million on each of those dates.

Please see the table below for a reconciliation of the loss on sale of Blackwater:

(in millions of U.S. dollars)	
Carrying value of assets and liabilities sold	
Mineral interest	**357.3**
Reclamation and closure cost obligations	**(10.3)**
Less: Mineral interests retained through Blackwater stream	**(150.0)**
Carrying value of assets and liabilities sold	**197.0**
Proceeds received	
Cash	**106.0**
Fair value of Artemis common shares	**26.1**
Receivable from Artemis (Note 5)	**37.9**
Transaction costs incurred	**(3.2)**
Total proceeds received, net of transaction costs	**166.8**
Loss on sale of Blackwater	**(30.2)**

11. Long-term debt

Long-term debt consists of the following:

	As at December 31	As at December 31
(in millions of U.S. dollars)	**2020**	**2019**
LONG-TERM DEBT		
Senior unsecured notes - due November 15, 2022 (a)	**—**	397.4
Senior unsecured notes - due May 15, 2025 (b)	**96.3**	287.1
Senior unsecured notes - due July 15, 2027 (c)	**392.9**	—
Credit Facility (d)	**—**	30.0
Total long-term debt	**489.2**	714.5

(a) Senior Unsecured Notes – due November 15, 2022

On July 10, 2020, the Company completed the redemption of the 2022 Unsecured Notes. The redemption was funded from the net proceeds of its recent issue of $400 million aggregate principal amount of 7.50% Senior Notes due in 2027 and cash on hand. The Company recognized a loss on repayment of long-term debt of $6.5 million, primarily comprised of the early redemption premium paid and the de-recognition of any deferred financing charges associated with the 2022 Unsecured Notes.

(b) Senior Unsecured Notes – due May 15, 2025

On December 23, 2020, the Company completed the partial redemption of $ 200.0 million aggregate principal of the 2025 Unsecured Notes. The redemption was funded by cash on hand. The Company recognized a loss on repayment of long-term debt of $16.8 million, primarily comprised of the early redemption premium paid and the de-recognition of any deferred financing charges associated with the 2025 Unsecured Notes.

As at December 31, 2020 the Company has $ 100.0 million of senior unsecured notes outstanding that mature and become due and payable on May 15, 2025 (“2025 Unsecured Notes”). The 2025 Unsecured Notes are denominated in U.S. dollars and bear interest at the rate of 6.375% per annum. Interest is payable in arrears in equal semi-annual instalments on May 15 and November 15 of each year. Transaction costs have been offset against the carrying amount of the 2025 Unsecured Notes and are being amortized to net earnings using the effective interest method.

The 2025 Unsecured Notes are subject to a minimum interest coverage incurrence covenant of earnings before interest, taxes, depreciation, amortization, impairment, and other non-cash adjustments to interest of 2:1. The test is applied on a pro-forma basis prior to the Company incurring additional debt, entering into business combinations or acquiring significant assets, or certain other corporate actions. There are no maintenance covenants.

The 2025 Unsecured Notes are redeemable by the Company in whole or in part:

- During the 12-month period beginning on May 15 of the years indicated at the redemption prices below, expressed as a percentage of the principal amount of the 2025 Unsecured Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date:

Date	Redemption prices (%)
2020	**104.78**
2021	**103.19**
2022	**101.59**
2023 and thereafter	**100.00**

(c) Senior Unsecured Notes - due July 15, 2027

On June 24, 2020, the Company issued $ 400.0 million of senior unsecured notes ("2027 Unsecured Notes") for net cash proceeds of $ 392.6 million after transaction costs. The face value is $400.0 million. The 2027 Unsecured Notes are denominated in U.S. dollars and bear interest at the rate of 7.50% per annum. Interest is payable in arrears in equal semi-annual instalments on January 15 and July 15 of each year.

The Company incurred initial transaction costs of $ 7.4 million which have been offset against the carrying amount of the 2027 Unsecured Notes and are being amortized to net earnings using the effective interest method.

The 2027 Unsecured Notes are subject to a minimum interest coverage incurrence covenant of earnings before interest, taxes, depreciation, amortization, impairment, and other non-cash adjustments to interest of 2:1. The test is applied on a pro-forma basis prior to the Company incurring additional debt, entering into business combinations or acquiring significant assets, or certain other corporate actions. There are no maintenance covenants.

The 2027 Unsecured Notes are redeemable by the Company in whole or in part:

- At any time prior to July 15, 2023 at a redemption price of 100% of the aggregate principal amount of the 2027 Unsecured Notes, plus a make-whole premium (consisting of the redemption price as described below, and future interest that would have been paid up to the first call date of July 15, 2023), plus accrued and unpaid interest, if any, to the redemption date.
- During the 12-month period beginning on July 15 of the years indicated at the redemption prices below, expressed as a percentage of the principal amount of the 2027 Unsecured Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date:

Date	Redemption prices (%)
2023	**103.75**
2024	**101.88**
2025 and thereafter	**100.00**

(d) Credit Facility

On December 31, 2020, the Company held a revolving credit facility (the "Credit Facility") with a maturity date of October 2023 and has a borrowing limit of $350.0 million. In the fourth quarter of 2020, the Company entered into an amended and restated credit agreement with a syndicate of financial institutions which extended the maturity date to October 2023 and modified the maximum borrowing limit to $350 million (previously $400 million).

The Credit Facility contains various covenants customary for a loan facility of this nature, including limits on indebtedness, asset sales and liens. The Credit Facility contains three covenant tests, the minimum interest coverage ratio, being earnings before interest, taxes, depreciation, amortization, exploration, impairment and other non-cash adjustments ("Adjusted EBITDA") to interest, the maximum net debt to Adjusted EBITDA ratio ("Leverage Ratio"), and the maximum gross secured debt to Adjusted EBITDA ("Secured Leverage Ratio"), all of which are measured on a rolling four-quarter basis at the end of every quarter. Significant financial covenants are as follows:

		Twelve months ended December 31	Twelve months ended December 31
	Financial Covenant	**2020**	**2019**
FINANCIAL COVENANTS			
Minimum interest coverage ratio (Adjusted EBITDA to interest)	>3.0:1.0	**5.0 : 1**	4.3 : 1
Maximum leverage ratio (net debt to Adjusted EBITDA)	<4.5:1.0	**1.8 : 1**	3.1 : 1
Maximum secured leverage ratio (secured debt to Adjusted EBITDA)	<2.0:1.0	**0.3 : 1**	0.7 : 1

The interest margin on drawings under the Credit Facility ranges from 1.75% to 4.25% over LIBOR, the Prime Rate or the Base Rate, based on the Company's Leverage Ratio and the currency and type of credit selected by the Company. Based on the Company's Leverage Ratio, the rate is 3.00% over LIBOR as at December 31, 2020 (December 31, 2019 – 3.25%). The standby fees on undrawn amounts under the Credit Facility range from 0.62% to 0.96%, depending on the Company's Leverage Ratio. Based on the Company's Leverage Ratio, the rate is 0.68% as at December 31, 2020 (December 31, 2019 – 0.73%).

For the year ended December 31, 2020, the Company had borrowed $ 35.0 million and repaid $ 65.0 million under the Credit Facility, resulting in $nil being drawn under the Credit Facility as at December 31, 2020. The Credit Facility has been used to issue letters of credit amounting to $ 46.0 million (December 31, 2019 - $118.9 million). Letters of credit relate to reclamation bonds, and other financial assurances required with various government agencies. During the year, the Company transferred from letters of credit and added approximately $102.6 million to surety bonds.

The following is a summary of the changes in liabilities arising from financing activities for the year ended December 31, 2020:

	As at December 31, 2019	Borrowings	Repayments	Fair Value changes	Interest & Accretion	As at December 31, 2020
Liabilities arising from financing activities						
Long-term debt	714.5	427.6	(665.3)	—	12.4	**489.2**
Interest payable	5.7	—	(36.5)	—	47.5	**16.7**
Gold stream obligation	164.5	—	(24.1)	77.5	—	**217.9**
New Afton free cash flow interest obligation	—	300.0	—	136.1	—	**436.1**
Total	884.7	727.6	(725.9)	213.6	59.9	**1,159.9**

12. Non-current derivative financial liabilities

The following is a summary of the change in non-current derivative financial liabilities:

(in millions of U.S. dollars)	Rainy River	New Afton	TOTAL
CHANGE IN NON-CURRENT DERIVATIVE FINANCIAL LIABILITIES			
Balance, December 31, 2018	180.2	—	180.2
Settlements during the period	(20.0)	—	(20.0)
Fair value adjustments related to changes in the Company's own credit risk[1]	24.4	—	24.4
Other fair value adjustments[2]	(20.1)	—	(20.1)
Balance, December 31, 2019	164.5	—	164.5
Less: current portion	(21.6)	—	(21.6)
Non-current portion of derivative financial liabilities	142.9	—	142.9
Balance, December 31, 2019	**164.5**	**—**	**164.5**
Proceeds received	**—**	**300.0**	**300.0**
Settlements during the period	**(24.1)**	**—**	**(24.1)**
Fair value adjustments related to changes in the Company's own credit risk[1]	**19.2**	**84.0**	**103.2**
Other fair value adjustments[2]	**58.3**	**52.1**	**110.4**
Balance, December 31, 2020	**217.9**	**436.1**	**654.0**
Less: current portion[3]	**(32.1)**	**(4.5)**	**(36.6)**
Non-current portion of derivative financial liabilities	**185.8**	**431.6**	**617.4**

1. *Fair value adjustments related to changes in the Company's own credit risk are included in other comprehensive income.*
2. *Other fair value adjustments are included in the consolidated income statements.*
3. *The current portion of the derivative financial liabilities is included in trade and other payables on the statement of financial position.*

Rainy River Gold Stream Obligation

In 2015, the Company entered into a $ 175 million streaming transaction with RGLD Gold AG, a wholly owned subsidiary of Royal Gold Inc. ("Royal Gold"). Under the terms of the agreement, the Company will deliver to Royal Gold 6.5% of gold production from Rainy River up to a total of 230,000 ounces of gold and then 3.25% of the mine's gold production thereafter. The Company will also deliver to Royal Gold 60% of the mine's silver production to a maximum of 3.1 million ounces and then 30% of silver production thereafter. Royal Gold paid $ 175.0 million in consideration of this transaction.

In addition to the upfront deposit, Royal Gold will pay 25% of the average spot gold or silver price at the time each ounce of gold or silver is delivered under the stream. The difference between the spot price of metal and the cash received from Royal Gold will reduce the $175.0 million deposit over the life of the mine. Upon expiry of the 40 year term of the agreement (which may be extended in certain circumstances), any balance of the $175.0 million upfront deposit remaining unpaid will be refunded to Royal Gold.

The Company has designated the gold stream obligation as a financial liability at fair value through profit or loss ("FVTPL") under the scope of IFRS 9. Accordingly, the Company values the liability at the present value of its expected future cash flows at each reporting period with changes in fair value reflected in the consolidated income statements and consolidated statements of comprehensive income.

Fair value adjustments represent the net effect on the gold stream obligation of changes in the variables included in the Company's valuation model between the date of receipt of deposit and the reporting date. These variables include accretion, risk-free interest rate, future metal prices, Company-specific credit spread and expected gold and silver ounces to be delivered.

New Afton free cash flow interest obligation

In the first quarter of 2020, New Gold entered into a strategic partnership with Ontario Teachers' Pension Plan ("Ontario Teachers'"). Under the terms of the strategic partnership, Ontario Teachers' acquired a 46% free cash flow interest in the New Afton mine for upfront cash proceeds of $300 million. Ontario Teachers' has an option to convert the free cash flow interest into a 46% joint venture interest in New Afton in four years, or have their free cash flow interest remain as a free cash flow interest at a reduced rate of 42.5%. The transaction closed on March 31, 2020. The agreement includes a minimum cash guarantee at the end of 4 years and a buyback option for New Gold.

Transaction costs of $3.4 million were expensed through other gains and losses.

The Company has designated the free cash flow interest obligation as a financial liability at fair value through profit or loss ("FVTPL") under the scope of IFRS 9. Fair value of the free cash flow interest obligation on initial recognition was determined by the amount of the cash advance received. Subsequent fair value is calculated on each reporting date with gains and losses recorded in net earnings. Fair value adjustments as a result of the Company's own credit risk are recorded in the consolidated statement of comprehensive loss, as required by IFRS 9 for financial liabilities designated as at FVTPL.

Components of the adjustment to fair value for the non-current derivative financial liabilities at each reporting date include:

Financial instrument	Components of the adjustment to fair value
Rainy River gold stream obligation	• Accretion expense due to passage of time • Change in the risk-free interest rate • Change in the Company specific credit spread • Change in any expected ounces to be delivered • Change in future metal prices
New Afton free cash flow interest obligation	• Accretion expense due to passage of time • Change in the risk-free interest rate • Change in the Company specific credit spread • Change in any expected ounces to be delivered • Change in future metal prices • Change in production profile, operating and capital costs at New Afton, including considerations to the minimum cash guarantee over the first four years of the instrument.

13. Leases

(a) Right-of-use assets

The Company leases assets such as buildings, mobile equipment and machinery. These assets are included in Mining Interests on the statement of financial position and are classified as plant & equipment as per Note 9 of the Company's consolidated financial statements.

(in millions of U.S. dollars)	
RIGHT-OF-USE- ASSETS	
Balance, January 1, 2019	20.8
Additions	28.5
Depreciation	(6.1)
Disposals	—
Balance, December 31, 2019	**43.2**
Additions	**7.5**
Depreciation	**(12.9)**
Disposals	**(2.6)**
Balance, December 31, 2020	**35.2**

(b) Lease liabilities

Please see below for a maturity analysis of the Company's lease payments:

(in millions of U.S. dollars)	As at December 31 **2020**	As at December 31 **2019**
MATURITY ANALYSIS FOR LEASES		
Less than 1 year	10.6	9.8
Between 1 and 3 years	19.3	17.0
Between 3 and 5 years	1.5	8.6
Total undiscounted lease payments[1]	**31.4**	35.4
Carrying value of lease liabilities	**29.1**	32.6
Less: current portion of lease liabilities[2]	**(9.6)**	(8.7)
Non-current portion of lease liabilities	**19.5**	23.9

1. *Total undiscounted lease payments excludes leases that are classified as short term and leases for low value assets, which are not recognized as lease liabilities.*
2. *The current portion of the lease liabilities is included in trade and other payables on the statement of financial position.*

For the year ended December 31, 2020, the Company recognized $ 1.2 million (2019 - $1.5 million) in interest expense on lease liabilities. For the year ended December 31, 2020, the Company expensed $2.0 million (2019 - $9.9 million) related to leases that are classified as short term.

14. Derivative instruments

(in millions of U.S. dollars)	As at December 31 2020	As at December 31 2019
DERIVATIVE LIABILITIES		
Unsettled provisionally priced concentrate derivatives, and swap contracts[1]	**0.9**	(0.2)
Gold price option contracts	**—**	26.4
Total derivative liabilities	**0.9**	26.2

1. *Unsettled provisionally priced concentrate derivatives are included within trade and other receivables in the statement of financial position*

(a) Provisionally priced contracts

The Company had provisionally priced sales for which price finalization is outstanding at December 31, 2020. Realized and unrealized gains (losses) on the provisional pricing of concentrate sales are classified as revenue, with the unsettled provisionally priced concentrate derivatives included in trade and other receivables. The Company enters into gold and copper swap contracts to reduce exposure to gold and copper prices. Realized and unrealized gains (losses) are recorded in revenue, with the unsettled gold and copper swaps included in trade and other receivables.

The following tables summarize the realized and unrealized gains (losses) on provisionally priced sales:

	Year ended December 31, 2020		
(in millions of U.S. dollars)	**Gold**	**Copper**	**Total**
GAIN ON THE PROVISIONAL PRICING OF CONCENTRATE SALES			
Realized	**3.2**	**6.3**	**9.5**
Unrealized	**0.7**	**8.2**	**8.9**
Total gain	**3.9**	**14.5**	**18.4**

	Year ended December 31, 2019		
(in millions of U.S. dollars)	**Gold**	**Copper**	**Total**
GAIN (LOSS) ON THE PROVISIONAL PRICING OF CONCENTRATE SALES			
Realized	2.2	(1.7)	0.5
Unrealized	0.5	1.0	1.5
Total gain (loss)	2.7	(0.7)	2.0

The following tables summarize the realized and unrealized gains (losses) on gold and copper swap contracts:

	Year ended December 31, 2020		
(in millions of U.S. dollars)	**Gold**	**Copper**	**Total**
(LOSS) GAIN ON SWAP CONTRACTS			
Realized	**(2.0)**	**(2.1)**	**(4.1)**
Unrealized	**(0.8)**	**(9.0)**	**(9.8)**
Total (loss) gain	**(2.8)**	**(11.1)**	**(13.9)**

	Year ended December 31, 2019		
(in millions of U.S. dollars)	**Gold**	**Copper**	**Total**
(LOSS) GAIN ON SWAP CONTRACTS			
Realized	**(3.2)**	**0.2**	**(3.0)**
Unrealized	**(0.4)**	**(0.9)**	**(1.3)**
Total (loss) gain	**(3.6)**	**(0.7)**	**(4.3)**

The following table summarizes the net exposure to the impact of movements in market commodity prices for provisionally priced sales:

	As at December 31	As at December 31
	2020	**2019**
VOLUMES SUBJECT TO FINAL PRICING NET OF OUTSTANDING SWAPS		
Gold ounces (000s)	**1.2**	0.9
Copper pounds (millions)	**1.6**	0.5

(b) Gold price option contracts

In 2019, the Company entered into gold price option contracts by purchasing put options at an average strike price of $ 1,300 per ounce. The Company sold call options at an average strike price of $1,355 and $1,415 for the first half of 2020 and second half of 2020 respectively. At the end of 2020 all gold option contracts have expired.

The call options sold and put options purchased were treated as derivative financial instruments and marked to market at each reporting period on the consolidated statement of financial position with changes in fair value recognized in other gains and losses. Realized gains and losses as a result of the exercise of the Company's call and put options up to an amount not exceeding the Company's production of gold ounces for the reporting period were recorded as an adjustment to revenue. The exercise of options on gold ounces in excess of the Company's gold production for the reporting period were recorded as other gains and losses.

(c) Foreign exchange forward contracts

In the first quarter of 2020, the Company entered into foreign exchange forward contracts in order to hedge the Company's spending in Canadian dollars. The Company has hedged $20.0 million U.S. dollars per month at average Canadian dollar to U.S. dollar foreign exchange rate of 1.40 for the period of April 2020 to December 2020. At the end of 2020 all foreign exchange forward contracts have expired.

15. Reclamation and closure cost obligations

Changes to the reclamation and closure cost obligations are as follows:

(in millions of U.S. dollars)	Rainy River	New Afton	Cerro San Pedro	Blackwater	Total
CHANGES TO RECLAMATION AND CLOSURE COST OBLIGATIONS					
Balance – December 31, 2018	53.6	10.7	20.0	8.3	92.6
Reclamation expenditures	(0.2)	—	(8.6)	—	(8.8)
Unwinding of discount	1.1	0.2	1.2	0.2	2.7
Revisions to expected cash flows	9.7	6.4	(0.6)	0.5	16.0
Foreign exchange movement	2.8	0.7	0.6	0.4	4.5
Balance – December 31, 2019	67.0	18.0	12.6	9.4	107.0
Less: current portion of closure costs (Note 7)	(1.4)	—	(10.9)	—	(12.3)
Non-current portion of closure costs	65.6	18.0	1.7	9.4	94.7
Balance – December 31, 2019	**67.0**	**18.0**	**12.6**	**9.4**	**107.0**
Reclamation expenditures	**(1.2)**	**—**	**(5.6)**	**—**	**(6.8)**
Unwinding of discount	**1.0**	**0.2**	**0.4**	**0.1**	**1.7**
Revisions to expected cash flows	**12.9**	**15.1**	**(3.4)**	**0.8**	**25.4**
Foreign exchange movement	**1.7**	**0.9**	**(0.4)**	**(0.4)**	**1.8**
Liabilities sold (Note 10)	**—**	**—**	**—**	**(9.9)**	**(9.9)**
Balance – December 31, 2020	**81.4**	**34.2**	**3.6**	**—**	**119.2**
Less: current portion of closure costs (Note 7)	**(2.5)**	**—**	**(3.2)**	**—**	**(5.7)**
Non-current portion of closure costs	**78.9**	**34.2**	**0.4**	**—**	**113.5**

Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligations at each of its mining properties and development properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the obligation. The fair values of the obligations are measured by discounting the expected cash flows using a discount factor that reflects the risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an obligation is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; obligations realized through additional ore bodies mined; changes in the quantities of material in reserves and a corresponding change in the LOM plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. The fair value of an obligation is recorded when it is incurred.

The majority of the expenditures are expected to occur between 2021 and 2030. The discount rate used in estimating the site reclamation and closure cost obligations was 1.2% for the year ended December 31, 2020 (2019 – 1.8% and 5.4%), and the inflation rate used was 1.5% for the year ended December 31, 2020 (2019 – 1.4% and 3.3%).

Regulatory authorities in certain jurisdictions require that security be provided to cover the estimated reclamation and remediation obligations. As at December 31, 2020, letters of credit totaling $46.0 million

(2019 - $118.9 million) and surety bonds totaling $102.6 million had been issued to various regulatory agencies to satisfy financial assurance requirements for this purpose. The letters of credit are secured by the revolving Credit Facility.

16. Share capital

At December 31, 2020, the Company had unlimited authorized common shares and 680.2 million common shares outstanding.

(a) No par value common shares issued

	Number of shares	
(in millions of U.S. dollars, except where noted)	**(000s)**	**$**
NO PAR VALUE COMMON SHARES ISSUED		
Balance at December 31, 2018	**579,115**	3,035.2
Issuance of common shares[1]	**93,750**	106.7
Issuance of common shares under First Nations agreements	**3,077**	2.6
Exercise of options and vested performance share units	**15**	—
Balance at December 31, 2019	**675,957**	**3,144.5**
Issuance of common shares under First Nations agreements	**350**	**0.7**
Issuance of flow through shares[2]	**3,824**	**8.6**
Exercise of options and vested performance share units	**119**	**0.2**
Balance at December 31, 2020	**680,250**	**3,154.0**

1. *In August 2019, New Gold Inc. closed its offering of common shares of the Company with a syndicate of underwriters. An aggregate of 93,750,000 Common Shares were issued by the Company at a price of C$1.60 per share for net proceeds of $ 106.7 million (gross proceeds of C$ 150.0 million less equity issuance costs).*
2. *In December 2020, the Company closed a flow-through financing to fund exploration drilling programs at Rainy River and New Afton. The shares qualify as flow-through shares for Canadian tax purposes. An aggregate of 3,824,000 Common Shares were issued by the Company at a price of C$ 3.40 per share for net proceeds of $ 10.2 million (gross proceeds less equity issuance costs). The premium of $ 1.6 million related to the difference between the issue price and the share price on the date of close and was recognized in trade and other payables as at December 31, 2020 and will be recognized in deferred income tax as related tax benefits are renounced.*

(b) Share-based payment expenses

The following table summarizes share-based payment expenses:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
SHARE-BASED PAYMENT EXPENSES		
Stock option expense	**0.8**	0.5
Performance share unit expense	**1.4**	0.3
Restricted share unit expense[1]	**8.4**	1.1
Deferred share unit expense	**3.6**	0.8
Shares issued under First Nations agreements[1]	**1.2**	—
Total share-based payment expenses	**15.4**	2.7

1. For the year ended December 31, 2020 $7.8 million of share based expenses were recognized in operating expenses (2019 – $ 1.0 million).

(i) Stock options

The following table presents changes in the Company's stock option plan:

	Number of options	Weighted average exercise price
	(000s)	**C$/share**
CHANGES TO THE COMPANY'S STOCK OPTION PLAN		
Balance at December 31, 2018	8,628	4.39
Granted	2,360	1.12
Forfeited	(1,417)	3.58
Expired	(3,993)	5.01
Balance at December 31, 2019	**5,578**	**2.81**
Granted	**2,329**	**1.20**
Exercised	**(32)**	**1.17**
Forfeited	**(677)**	**4.06**
Expired	**(2,363)**	**3.45**
Balance at December 31, 2020	**4,835**	**1.59**

(c) Loss per share

The following table sets out the calculation of loss per share:

	Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**
CALCULATION OF LOSS PER SHARE		
Net loss	**(79.3)**	(73.5)
Basic weighted average number of shares outstanding (in millions)	**676.3**	611.1
Dilution of securities:		
Stock options	**—**	—
Diluted weighted average number of shares outstanding (in millions)	**676.3**	611.1
Net loss per share:		
Basic	**(0.12)**	(0.12)
Diluted	**(0.12)**	(0.12)

The following table lists the equity securities excluded from the calculation of diluted loss per share. All stock options are excluded from the calculation when the Company is in a net loss position.

	Year ended December 31	
(in millions of units)	**2020**	**2019**
EQUITY SECURITIES EXCLUDED FROM THE CALCULATION OF DILUTED EARNINGS PER SHARE		
Stock options	**4.8**	5.6

17. Income and mining taxes

The following table outlines the composition of income tax expense between current tax and deferred tax:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
CURRENT INCOME AND MINING TAX EXPENSE		
Canada	**1.8**	2.2
Foreign	**0.5**	0.4
	2.3	2.6
DEFERRED INCOME AND MINING TAX EXPENSE		
Canada	**1.8**	1.9
Adjustments in respect of prior year	**0.2**	(4.9)
	2.0	(3.0)
Total income tax expense (recovery)	**4.3**	(0.4)

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. The differences result from the following items:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
Loss before taxes	**(75.0)**	(73.9)
Canadian federal and provincial income tax rates	**25.8 %**	26.3 %
Income tax recovery based on above rates	**(19.4)**	(19.4)
INCREASE (DECREASE) DUE TO		
Permanent differences	**(1.0)**	(0.1)
Foreign exchange on non-monetary assets and liabilities	**—**	0.2
Other foreign exchange differences	**(5.8)**	3.7
Prior years' adjustments relating to tax provision and tax returns	**0.2**	(5.2)
Canadian mining tax	**15.8**	(2.5)
Change in unrecognized deferred tax assets	**17.4**	22.9
BC Mining exploration tax credits received	**(3.1)**	—
Other	**0.2**	—
Income tax expense (recovery)	**4.3**	(0.4)

The following tables provide analysis of the deferred tax assets and liabilities, all of which are located in Canada:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
DEFERRED TAX ASSETS		
Capital losses	**19.3**	18.4
Property, plant and equipment and Mining interests	**44.6**	122.7
Tax credits	**51.3**	49.9
Ontario Mining Tax	**58.5**	45.4
Other	**146.0**	18.9
	319.7	255.3
DEFERRED TAX LIABILITIES		
British Columbia Mining Tax	**(53.5)**	(48.3)
	(53.5)	(48.3)
Unrecognized deferred tax asset	**(319.7)**	(255.3)
Deferred income tax liabilities, net	**(53.5)**	(48.3)

The following table outlines the movement in the net deferred tax liabilities:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
MOVEMENT IN THE NET DEFERRED TAX LIABILITIES		
Balance at the beginning of the year	**(48.3)**	(56.3)
Recognized in net loss	**(5.2)**	3.0
Recognized in other comprehensive income	**—**	4.8
Recognized as foreign exchange	**—**	0.2
Reclassified as held-for-sale or disposed of	**—**	—
Total movement in the net deferred tax liabilities	**(53.5)**	(48.3)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deductible temporary differences on the following losses by country:

- Canadian capital loss carry-forwards of $ 117.8 million with no expiry date; and
- Other loss carry-forwards of $40.3 million with varying expiry dates.

The Company did not recognize net deductible temporary differences and tax credits in the amount of $ 858.0 million for income taxes (2019 - $728.2 million), which includes the Canadian loss carry-forwards noted above, and $ 573.0 million for mining taxes (2019 - $534.1 million) on other temporary differences.

The Company recognizes deferred taxes by taking into account the effects of local enacted tax legislation.
Deferred tax assets are fully recognized when the Company concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized. In order to determine

whether an asset can be recognized, it must be considered probable that an entity will have sufficient taxable profits available in the future to enable recovery of the asset. IAS 12 states that an entity will have sufficient taxable profits available in the future to enable the recovery of the asset when:

- There are sufficient taxable temporary differences relating to the same tax authority and the same taxable entity that are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset that can be carried back or forward;

- It is probable that the entity will have sufficient taxable profit relating to the same tax authority and the same taxable entity, in the same period as the reversal of the deductible temporary difference (or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward). In making this evaluation taxable amounts arising from deductible temporary differences that are expected to originate in future periods should be ignored because these will need further future taxable profits in order to be utilized.

- Tax planning opportunities that are available to the entity that will create taxable profit in appropriate periods.

Future income is impacted by changes in market gold, copper and silver prices as well as forecasted future costs and expenses to produce gold and copper reserves. In addition, the quantities of proven and probable gold and copper reserves, market interest rates and foreign currency exchange rates also impact future levels of taxable income.

Any change in any of these factors will result in an adjustment to the recognition of deferred tax assets
to reflect the Company's latest assessment of the amount of deferred tax assets that is probable will be realized.

18. Supplemental cash flow information

Supplemental cash flow information (included within operating activities) is as follows:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
CHANGE IN NON-CASH OPERATING WORKING CAPITAL		
Trade and other receivables	**(8.8)**	4.4
Inventories	**10.6**	16.2
Prepaid expenses and other	**(6.7)**	(2.3)
Trade and other payables	**21.1**	7.6
Total change in non-cash operating working capital	**16.2**	25.9

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
OTHER NON-CASH ADJUSTMENTS		
Unrealized loss on concentrate contracts	**0.9**	(0.2)
Equity settled share-based payment expense	**2.4**	0.7
Loss on disposal of assets	**1.6**	1.2
Settlement and (gain) loss on revaluation of gold price option contracts	**(26.4)**	21.7
Unrealized loss on revaluation of non-current derivative financial instruments	**110.4**	(20.1)
Settlement (gain) loss on revaluation of copper price option contracts	**—**	0.7
Revaluation of CSP's reclamation and closure cost obligation	**(3.4)**	(0.6)
Inventory write-downs	**—**	14.1
Gain on revaluation of investments	**(17.4)**	—
Gain on receivable associated with Mesquite sale	**(12.8)**	—
Total other non-cash adjustments	**55.3**	17.5

19. Segmented information

(a) Segment revenues and results

The Company manages its reportable operating segments by operating mines and development projects. Operating results of reportable operating segments are reviewed by the Company's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segments and to assess their performance. The results from operations for these reportable operating segments are summarized in the following tables:

				Year ended December 31, 2020
(in millions of U.S. dollars)	**Rainy River**	**New Afton**	**Corporate**	**Total**
OPERATING SEGMENT RESULTS				
Gold revenues	**360.7**	**88.6**	**—**	**449.3**
Copper revenues	**—**	**180.9**	**—**	**180.9**
Silver revenues	**8.0**	**5.2**	**—**	**13.2**
Total revenues[1]	**368.7**	**274.7**	**—**	**643.4**
Operating expenses	**213.2**	**126.7**	**—**	**339.9**
Depreciation and depletion	**141.3**	**51.8**	**—**	**193.1**
Revenue less cost of goods sold	**14.2**	**96.2**	**—**	**110.4**
Corporate administration	**—**	**—**	**15.6**	**15.6**
Share-based payment expenses	**—**	**—**	**7.6**	**7.6**
Exploration and business development	**1.0**	**4.5**	**0.3**	**5.8**
Income (loss) from operations	**13.2**	**91.7**	**(23.5)**	**81.4**

1. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year ended December 31, 2020.

				Year ended December 31, 2019
(in millions of U.S. dollars)	**Rainy River**	**New Afton**	**Corporate**	**Total**
OPERATING SEGMENT RESULTS				
Gold revenues	354.2	80.2	—	434.4
Copper revenues	—	187.3	—	187.3
Silver revenues	4.7	4.2	—	8.9
Total revenues[1]	358.9	271.7	—	630.6
Operating expenses	258.4	113.5	—	371.9
Depreciation and depletion	93.9	146.7	—	240.6
Revenue less cost of goods sold	6.6	11.5	—	18.1
Corporate administration	—	—	17.6	17.6
Corporate restructuring[2]	—	—	1.1	1.1
Share-based payment expenses	—	—	1.7	1.7
Exploration and business development	1.4	3.1	1.1	5.6
Income (loss) from operations	5.2	8.4	(21.5)	(7.9)

1. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year ended December 31,2019.
2. During 2019, the Company recognized restructuring charges of $ 1.1 million related to severance and other termination benefits.

(b) Segmented assets and liabilities

The following table presents the segmented assets and liabilities:

	Total assets		Total liabilities		Capital expenditures[1]	
	As at December 31	As at December 31	As at December 31	As at December 31	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
SEGMENTED ASSETS AND LIABILITIES						
Rainy River	**1,090.2**	1,078.4	**374.8**	334.9	**140.8**	185.9
New Afton	**749.7**	647.7	**551.5**	89.8	**134.1**	61.8
Other[2]	**410.2**	432.4	**534.5**	772.5	**9.3**	5.6
Total segmented assets, liabilities and capital expenditures	**2,250.1**	2,158.5	**1,460.8**	1,197.2	**284.2**	253.3

1. *Capital expenditures per consolidated statement of cash flows.*
2. *Other includes corporate balance, exploration properties, the stream on Blackwater gold production and Cerro San Pedro.*

(c) Geographical information

The Company operates in one principal geographical area - Canada (country of domicile).

(d) Information about major customers

The following table presents sales to individual customers exceeding 10% of annual sales for the following periods. The following five customers represent 91.4% (2019 – five customers representing 89%) of the Company's sales revenue for the years ended December 31, 2020 and 2019.

		Year ended December 31
(in millions of U.S. dollars)		**2020**
CUSTOMER	**REPORTING SEGMENT**	
1	New Afton	**154.2**
2	Rainy River	**139.0**
3	Rainy River	**133.2**
4	New Afton	**93.7**
5	Rainy River	**67.8**
Total sales to customers exceeding 10% of annual sales		**587.9**

		Year ended December 31
(in millions of U.S. dollars)		**2019**
CUSTOMER	**REPORTING SEGMENT**	
1	Rainy River	128.9
2	Rainy River	126.7
3	Rainy River	102.5
4	New Afton	100.9
5	New Afton	99.2
Total sales to customers exceeding 10% of annual sales		558.2

The Company is not economically dependent on a limited number of customers for the sale of its product because gold and other metals can be sold through numerous commodity market traders worldwide. Refer to Note 21(a) for further discussion on the Company's exposure to credit risk.

20. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

In the management of capital, the Company includes the components of equity, long-term debt, net of cash and cash equivalents.

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
CAPITAL (AS DEFINED ABOVE) IS SUMMARIZED AS FOLLOWS		
Equity	**789.3**	961.3
Long-term debt	**489.2**	714.5
	1,278.5	1,675.8
Cash and cash equivalents	**(186.3)**	(83.4)
Total	**1,092.2**	1,592.4

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying capital instruments. To maintain or adjust the capital structure, the Company may issue new shares, restructure or issue new debt, acquire or dispose of assets or sell its investments.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual budget is approved by the Board of Directors. The Company's investment policy is to invest its surplus funds in permitted investments consisting of treasury bills, bonds, notes and other evidences of indebtedness of Canada, the United States or any of the Canadian provinces with a minimum credit rating of R-1 mid from the Dominion Bond Rating Service ("DBRS") or an equivalent rating from Standard & Poor's and Moody's and with maturities of 12 months or less at the original date of acquisition. In addition, the Company is permitted to invest in bankers' acceptances and other evidences of indebtedness of certain financial institutions. All investments must have a maximum term to maturity of 12 months and the average term will generally range from 7 days to 90 days. Under the policy, the Company is not permitted to make investments in asset-backed commercial paper.

21. Financial risk management

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to the Company's financial instruments fails to meet its contractual obligations. The Company's financial assets are primarily composed of cash and cash equivalents, and trade and other receivables. Credit risk is primarily associated with trade and other receivables; however, it also arises on cash and cash equivalents, gold and copper price options, and

foreign exchange forward contracts. To mitigate exposure to credit risk, the Company has established policies to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable credit worthiness, and to ensure liquidity of available funds.

The Company closely monitors its financial assets and does not have any significant concentration of credit risk. The Company sells its gold exclusively to large international organizations with strong credit ratings. The historical level of customer defaults is minimal and, as a result, the credit risk associated with gold and copper concentrate trade receivables at December 31, 2020 is not considered to be high.

The Company's maximum exposure to credit risk is as follows:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
CREDIT RISK EXPOSURE		
Cash and cash equivalents	**186.3**	83.4
Trade and other receivables	**77.1**	23.7
Total financial instrument exposure to credit risk	**263.4**	107.1

A significant portion of the Company's cash and cash equivalents is held in large Canadian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian banks with high investment-grade ratings and the governments of Canada and the U.S.

The Company employs a restrictive investment policy as detailed in the capital risk management section, which is described in Note 20.

The aging of trade and other receivables is as follows:

	As at December 31						
(in millions of U.S. dollars)	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	2020 Total	2019 Total
AGING TRADE AND OTHER RECEIVABLES							
Rainy River	9.5	—	—	—	0.9	**10.4**	5.5
New Afton	5.2	1.3	—	2.9	—	**9.4**	6.3
Cerro San Pedro	0.4	0.1	0.1	0.1	1.6	**2.3**	1.4
Corporate[1]	15.7	—	—	—	39.3	**55.0**	10.2
Other	—	—	—	—	—	**—**	0.3
Total trade and other receivables	30.8	1.4	0.1	3.0	41.8	**77.1**	23.7

1. Corporate over 120 days includes proceeds receivable from the sale of Blackwater

The Company sells its gold and copper concentrate production from New Afton to three different customers under off-take contracts.

The Company is not economically dependent on a limited number of customers for the sale of its gold and other metals because gold and other metals can be sold through numerous commodity market traders worldwide.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 20.

The following table shows the contractual maturities of debt commitments. The amounts presented represent the future undiscounted principal and interest cash flows, and therefore, do not equate to the carrying amounts on the consolidated statements of financial position.

	As at December 31					
(in millions of U.S. dollars)	< 1 year	1-3 years	4-5 years	After 5 years	2020 Total	2019 Total
DEBT COMMITMENTS						
Trade and other payables	109.2	—	—	—	**109.2**	150.0
Long-term debt	—	—	100.0	400.0	**500.0**	730.3
Interest payable on long-term debt	36.4	72.8	69.6	60.0	**238.8**	174.7
New Afton free cash flow interest obligation	4.6	36.9	98.9	401.5	**541.8**	—
Gold stream obligation	32.2	67.1	63.8	55.9	**219.0**	192.7
Total debt commitments	182.4	176.8	332.3	917.4	**1,608.8**	1,247.7

The Company's future operating cash flow and cash position are highly dependent on metal prices, including gold and copper, as well as other factors. Taking into consideration the Company's current cash position, volatile equity markets, and global uncertainty in the capital markets, the Company is continually

reviewing expenditures and assessing business opportunities to enhance liquidity in order to ensure adequate liquidity and flexibility to support its growth strategy, while continuing production at its current operations. A period of continuous low gold and copper prices may necessitate the deferral of capital expenditures which may impact the timing of development work and project completion, as well as production from mining operations. In addition, in such a price environment, the Company may be required to adopt one or more alternatives to increase liquidity.

(c) Currency risk

The Company operates in Canada and Mexico. As a result, the Company has foreign currency exposure with respect to items not denominated in U.S. dollars. The three main types of foreign exchange risk for the Company can be categorized as follows:

(i) Transaction exposure

The Company's operations sell commodities and incur costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. This risk is partially mitigated by the foreign exchange forward contracts entered in the first quarter of 2020.

(ii) Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, investments, accounts receivable, accounts payable and accruals, reclamation and closure cost obligations.

The currencies of the Company's financial instruments and other foreign currency denominated liabilities, based on notional amounts, were as follows:

	As at December 31, 2020	
(in millions of U.S. dollars)	**CAD**	**MXN**
EXPOSURE TO CURRENCY RISK		
Cash and cash equivalents	**34.6**	**0.1**
Trade and other receivables	**53.5**	**1.6**
Income tax (payable) receivable	**(0.7)**	**4.1**
Trade and other payables	**(80.1)**	**(6.5)**
Deferred tax liability	**(53.5)**	**—**
Reclamation and closure cost obligations	**(113.3)**	**(0.3)**
Share units	**(10.9)**	**—**
Total exposure to currency risk	**(170.4)**	**(1.0)**

(in millions of U.S. dollars)	As at December 31, 2019 CAD	MXN
EXPOSURE TO CURRENCY RISK		
Cash and cash equivalents	11.0	0.3
Trade and other receivables	7.0	0.9
Income tax receivable	(0.3)	4.6
Trade and other payables	(86.8)	(13.5)
Deferred tax liability	(48.3)	—
Reclamation and closure cost obligations	(93.3)	(1.4)
Performance share units and restricted share units	(1.9)	—
Total exposure to currency risk	(212.6)	(9.1)

(iii) Translation exposure

The Company's functional and reporting currency is U.S. dollars. The Company's operations translate their operating results to U.S. dollars. Therefore, exchange rate movements in the Canadian dollar and Mexican peso can have a significant impact on the Company's consolidated operating results. A 10% strengthening (weakening) of the U.S. dollar against the following currencies would have decreased (increased) the Company's net loss from the financial instruments presented by the amounts shown below.

(in millions of U.S. dollars)	As at Year ended December 31 2020	2019
IMPACT OF 10% CHANGE IN FOREIGN EXCHANGE RATES		
Canadian dollar	**17.0**	21.3
Mexican peso	**0.1**	0.9

(d) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's outstanding debt obligations are fixed and are therefore not exposed to changes in market interest rates.

The Company is exposed to interest rate risk on its cash and cash equivalents. Interest earned on cash and cash equivalents is based on prevailing money market and bank account interest rates which may fluctuate. A 1.0% change in the interest rate would result in a difference of approximately $1.9 million in interest earned by the Company for the year ended December 31, 2020. The Company has not entered into any derivative contracts to manage this risk.

(e) Metal and Input Price Risk

The Company's earnings, cash flows and financial condition are subject to price risk due to fluctuations in the market price of gold and copper.

For the year ended December 31, 2020, the Company's revenue and cash flows were impacted by gold prices and copper prices. Metal price declines could cause continued development of, and production

from, the Company's properties to be uneconomic. There is a time lag between the shipment of gold and copper concentrate and final pricing, and changes in pricing can impact the Company's revenue and working capital position. The Company's exposure to changes in gold and copper prices have been significantly reduced as the Company had entered into gold and copper price option contracts (whereby it sold a series of call option contracts and purchased a series of put option contracts) to reduce exposure to changes in gold and copper prices. At the end of 2020 all gold option contracts have expired and the Company is now fully exposed to current gold prices.

Reserve calculations and mine plans using significantly lower gold, silver, and copper prices could result in significant reductions in mineral reserve and resource estimates and revisions in the Company's life-of-mine plans, which in turn could result in material write-downs of its investments in mining properties and increased depletion, reclamation and closure charges. Depending on the price of gold or other metals, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site. Metal price fluctuations also create adjustments to the provisional prices of sales made in previous periods that have not yet been subject to final pricing, and these adjustments could have an adverse impact on the Company's financial results and financial condition. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition.

The Company is also subject to price risk for fluctuations in the cost of energy, principally electricity and purchased petroleum products. The Company's costs are affected by the prices of commodities and other inputs it consumes or uses in its operations. The prices of such commodities and inputs are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Company's control. Increases in the price for materials consumed in the Company's mining and production activities could materially adversely affect its results of operations and financial condition.

An increase in gold and copper prices would decrease the Company's net loss whereas an increase in fuel and electricity prices would increase the Company's net loss. A 10% change in commodity prices and fuel and electricity prices would impact the Company's net loss as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
(in millions of U.S. dollars)	**Net Loss**	**Net Loss**
IMPACT OF 10% CHANGE IN COMMODITY PRICES		
Gold price	**21.9**	19.0
Copper price	**19.5**	20.7
Fuel and electricity price	**3.9**	7.0

22. Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract.

Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

The Company has certain financial assets and liabilities that are measured at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. There were no transfers among Levels 1, 2 and 3 during the year ended December 31, 2020 or the year ended December 31, 2019. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation methodologies for Level 2 and 3 financial assets and liabilities:

Provisionally priced contracts and gold and copper swap contracts

The fair value of the provisionally priced contracts and the gold and copper swap contracts is calculated using the mark-to-market forward prices of London Metals Exchange gold and copper based on the applicable settlement dates of the outstanding provisionally priced contracts and copper swap contracts.

Investments

The fair value of the investment is measured based on the closing share price on the reporting date.

Gold and copper price option contracts

The fair value of the gold and copper price option contracts is measured based on fair value prices obtained from the counterparties of the gold price option contracts and copper price option contracts.

Foreign exchange forward contracts

The fair value of foreign exchange forward contracts is calculated using the mark-to-market method based on the difference between the forward Canadian dollar to U.S dollar foreign exchange rate and the foreign exchange rates of the contracts.

Gold stream obligation

The fair value of the gold stream obligation is calculated using the risk-free interest rate derived from the U.S. Treasury rate, forward and consensus metal prices, company specific credit spread based on the yield on the Company's 2027 Senior Unsecured Notes, and expected gold and silver ounces to be delivered from Rainy River's life of mine projections.

Free cash flow interest obligation

The fair value of the free cash flow interest obligation is calculated using the risk-free interest rate derived from the U.S. Treasury rate, forward and consensus metal prices, company specific credit spread based on the yield on the Company's 2027 Senior Unsecured Notes, and expected production, operating and capital costs from New Afton's life of mine projections, including considerations to the minimum cash guarantee over the first four years of the instrument.

Proceeds due from income tax refunds at Mesquite

The proceeds due from income tax refunds at Mesquite is related to income tax refunds that were recoverable by Mesquite on the date of the sale of Mesquite. These income tax refunds are required to be paid to the Company once Mesquite receives these income tax refunds. The fair value of the income tax refund receivable is calculated based on the value of the income tax refunds that Mesquite is expected to receive.

The following table summarizes the Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position categorized by level of significance of the inputs used in making the measurements:

		As at December 31, 2020		As at December 31, 2019	
(in millions of U.S. dollars)	**Category**	**Level**		**Level**	
FINANCIAL ASSETS					
Cash and cash equivalents	Financial assets at amortized cost		**186.3**		83.4
Trade and other receivables	Financial assets at amortized cost		**65.2**		14.5
Provisionally priced contracts	Financial instruments at FVTPL	**2**	**8.9**	2	1.5
Gold and copper swap contracts	Financial instruments at FVTPL	**2**	**(9.8)**	2	(1.3)
Proceeds due from income tax refunds at Mesquite[2]	Financial assets at amortized cost	**1**	**12.8**	1	9.0
Investments	Financial instruments at FVTPL	**1**	**46.2**	1	0.5
FINANCIAL LIABILITIES					
Trade and other payables[1]	Financial liabilities at amortized cost		**115.7**		111.3
Long-term debt	Financial liabilities at amortized cost		**489.2**		714.5
Gold stream obligation	Financial instruments at FVTPL	**3**	**217.9**	3	164.5
Free cash flow interest obligation	Financial instruments at FVTPL	**3**	**436.1**	3	—
Gold price option contracts	Financial instruments at FVTPL	**2**	**—**	2	26.4

1. *Trade and other payables exclude the short-term portions of reclamation and closure cost obligations, the gold stream obligation and the free cash flow interest obligation.*
2. *Proceeds due from income tax refunds at Mesquite are included in current assets on the consolidated statement of financial position.*

The carrying values and fair values of the Company's financial instruments are as follows:

	As at December 31, 2020		As at December 31, 2019	
(in millions of U.S. dollars)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
FINANCIAL ASSETS				
Cash and cash equivalents	**186.3**	**186.3**	83.4	83.4
Trade and other receivables	**65.2**	**65.2**	14.5	14.5
Provisionally priced contracts	**8.9**	**8.9**	1.5	1.5
Gold and copper swap contracts	**(9.8)**	**(9.8)**	(1.3)	(1.3)
Proceeds due from income tax refunds at Mesquite[2]	**12.8**	**12.8**	9.0	9.0
Investments	**46.2**	**46.2**	0.5	0.5
FINANCIAL LIABILITIES				
Trade and other payables[1]	**115.7**	**115.7**	111.3	111.3
Long-term debt	**489.2**	**548.0**	714.5	707.7
Gold stream obligation	**217.9**	**217.9**	164.5	164.5
Free cash flow interest obligation	**436.1**	**436.1**	-	-
Gold price option contracts	**—**	**—**	26.4	26.4

1. *Trade and other payables exclude the short-term portion of reclamation and closure cost obligation and the short-term portion of the gold stream obligation and New Afton free cash flow interest obligation.*
2. *Proceeds due from income tax refunds at Mesquite are included in current assets on the consolidated statement of financial position.*

23. Compensation of Key Management Personnel

The remuneration of the Company's key management personnel [1] was as follows:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
KEY MANAGEMENT PERSONNEL REMUNERATION		
Short-term benefits[2]	**1.8**	2.1
Share-based payments	**1.3**	0.2
Termination benefits	**—**	1.1
Total key management personnel remuneration	**3.1**	3.4

1. *Key management personnel, comprising of the Company's directors and executive officers, are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company.*
2. *Short-term benefits include salaries, bonuses payable within twelve months of the statement of financial position date and other annual employee benefits.*

24. Commitments

The Company has entered into a number of contractual commitments for capital items relating to operations and development. At December 31, 2020, these commitments totaled $65.3 million, $65.1 million of which is expected to become due over the next 12 months. This compares to commitments of $72.5 million as at December 31, 2019, $ 72.3 million of which was expected to become due over the upcoming year. Certain contractual commitments may contain cancellation clauses; however, the Company discloses its commitments based on management's intent to fulfill the contracts.

Exhibit 3


newgold™
Management's Discussion and Analysis
For the year ended December 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

All dollar figures are in United States dollars and tabular dollar amounts are in millions, unless otherwise noted.
For the year ended December 31, 2020

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of New Gold Inc. and its subsidiaries ("New Gold" or the "Company"). This MD&A should be read in conjunction with New Gold's consolidated financial statements for the year ended December 31, 2020 and 2019 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All dollar figures are in **United States dollars** and tabular dollar amounts are in millions, unless otherwise noted. This MD&A has been prepared as at February 18, 2021. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

OUR BUSINESS

New Gold is a Canadian-focused intermediate gold mining company with a portfolio of two core producing assets in Canada, the Rainy River gold mine ("Rainy River" or the "Rainy River Mine") and the New Afton gold-copper mine ("New Afton" or the "New Afton Mine"). The Company also holds an 8% gold stream on the Artemis Gold Blackwater ("Blackwater") project located in British Columbia. The Company also operates the Cerro San Pedro Mine in Mexico (in reclamation). New Gold's vision is to build a leading diversified intermediate gold company based in Canada that is committed to environment and social responsibility.

NEW AFTON INCIDENT

On February 2, 2021, a tragic mud-rush incident occurred at the New Afton Mine with a contract driller fatally injured. The mud-rush was localized underneath the Lift 1 cave in the isolated recovery zone area, which does not interact with other areas of the mine, including the B3 and C-Zone areas. Underground operations, as well as B3 and C-Zone development, have resumed. Underground mining activities will continue to be safely and sequentially ramped-up as we maintain our focus on the health, safety and wellbeing of our people. Surface operations were not impacted, and the mill facility is currently processing ore from the mine as well as from the surface stockpiles.

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Contents

OUR BUSINESS	2
OPERATING AND FINANCIAL HIGHLIGHTS	4
SUSTAINABILITY AND ESG	6
CORPORATE DEVELOPMENTS	7
OUR RESPONSE TO COVID-19	7
OUTLOOK FOR 2021	8
MINERAL RESERVES AND MINERAL RESOURCES UPDATE	10
KEY PERFORMANCE DRIVERS	11
FINANCIAL RESULTS	13
REVIEW OF OPERATING MINES	18
FINANCIAL CONDITION REVIEW	25
NON-GAAP FINANCIAL PERFORMANCE MEASURES	26
ENTERPRISE RISK MANAGEMENT AND RISK FACTORS	36
CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES	53
ACCOUNTING POLICIES	53
CONTROLS AND PROCEDURES	54
MINERAL RESERVES AND MINERAL RESOURCES	56
CAUTIONARY NOTES	60

OPERATING AND FINANCIAL HIGHLIGHTS

OPERATING HIGHLIGHTS

	Three months ended December 31		Year ended December 31		
	2020	**2019**	**2020**	**2019**	**2018**
OPERATING INFORMATION					
Gold equivalent ("eq.") (ounces)[3]:					
Produced[1]	**120,567**	101,423	**437,617**	486,141	522,602
Sold[1]	**122,139**	104,446	**428,370**	488,165	495,453
Gold (ounces):					
Produced[1]	**83,096**	66,856	**293,139**	322,557	315,483
Sold[1]	**86,491**	71,691	**291,877**	331,053	298,002
Copper (millions of pounds):					
Produced[1]	**18.5**	18.3	**72.1**	79.4	85.1
Sold[1]	**17.5**	17.3	**68.0**	76.4	81.1
Revenue[1]					
Gold ($/ounce)	**1,606**	1,335	**1,537**	1,311	1,236
Copper ($/pound)	**3.14**	2.39	**2.67**	2.45	2.79
Average realized price[1][2]					
Gold ($/ounce)	**1,623**	1,366	**1,559**	1,337	1,263
Copper ($/pound)	**3.34**	2.69	**2.86**	2.71	3.06
Operating expenses per gold eq. ounce sold ($/ounce) [3]	**799**	1,007	**794**	762	657
Depreciation and depletion per gold eq. ounce sold ($/ounce)[3]	**419**	621	**454**	495	558
Total cash costs per gold eq. ounce sold ($/ounce)[2][3]	**841**	942	**840**	792	684
All-in sustaining costs per gold eq. ounce sold ($/ounce) [2][3]	**1,491**	1,862	**1,389**	1,310	1,099

1. *Production is shown on a total contained basis while sales are shown on a net payable basis, including final product inventory and smelter payable adjustments, where applicable.*
2. *The Company uses certain non-GAAP financial performance measures throughout this MD&A. Average realized price, total cash costs and all-in sustaining costs per gold eq. ounce sold are non-GAAP financial performance measures with no standard meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers.. For further information and a detailed reconciliation, please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A.*
3. *Gold eq. ounces include silver ounces and copper ounces produced or sold converted to a gold eq. based on a ratio of $1,500 per gold ounce, $17.75 per silver ounce and $2.85 per copper pound. Throughout the year the Company reported gold equivalent ounces using a constant ratio of those prices. All copper is produced by the New Afton Mine.*

FINANCIAL HIGHLIGHTS

	Three months ended December 31		Year ended December 31		
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**	**2018**
FINANCIAL INFORMATION					
Revenue	**198.9**	139.2	**643.4**	630.6	604.5
Operating margin[1]	**101.6**	34.0	**303.5**	258.7	279.1
Revenue less cost of goods sold	**50.8**	(30.4)	**110.4**	18.1	39.2
Net (loss) earnings	**(21.1)**	0.3	**(79.3)**	(73.5)	(1,085.6)
Adjusted net earnings (loss)[1]	**27.9**	(28.0)	**19.2**	(47.2)	(25.4)
Operating cash flows	**98.4**	47.9	**294.8**	263.5	193.0
Operating cash flows before changes in non-cash operating working capital[1]	**94.9**	38.8	**278.6**	237.6	264.6
Sustaining Capital[1]	**66.5**	90.0	**194.8**	217.4	174.8
Growth Capital[1]	**42.7**	12.3	**89.4**	35.9	39.1
Total assets	**2,250.1**	2,158.5	**2,250.1**	2,158.5	2,169.6
Cash and cash equivalents	**186.3**	83.4	**186.3**	83.4	103.7
Long-term debt	**489.2**	714.5	**489.2**	714.5	780.5
Non-current liabilities excluding long-term debt	**812.9**	310.8	**812.9**	310.8	313.7
Share Data					
Earnings (loss) per share					
Basic ($)	**(0.03)**	—	**(0.12)**	(0.12)	(1.88)
Diluted ($)	**(0.03)**	—	**(0.12)**	(0.12)	(1.88)
Adjusted net earnings (loss) per basic share ($)[1]	**0.04**	(0.04)	**0.03**	(0.08)	(0.04)
Share price as at December 31 (TSX - Canadian dollars)	**2.80**	1.15	**2.80**	1.15	1.05
Weighted average outstanding shares (basic) (millions)	**677.2**	674.4	**676.3**	611.1	578.7

1. *The Company uses certain non-GAAP financial performance measures throughout this MD&A. Operating margin, adjusted net earnings (loss), adjusted net earnings (loss) per basic share, sustaining capital, growth capital and operating cash flows before changes in non-cash operating working capital are non-GAAP financial performance measures with no standard meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For further information and a detailed reconciliation, please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A.*

SUSTAINABILITY AND ESG

New Gold has four sustainability focus areas: Indigenous Peoples, Tailings Management, Water and Climate. In 2020, New Gold adapted its sustainability efforts to align with the most pressing ESG reporting issues facing the mining industry. As such, our ESG approach continues to prioritize the health, safety and well-being of our people. The protection of our people is central to our success as we believe people are our greatest asset. New Gold is committed to providing training, opportunities and progression paths for our teams, and we actively seek to ensure we promote diversity within our teams at all levels of the organization. We have adopted an embedded approach to execute on our sustainability strategy that aligns with ESG reporting standards.

Our key focus areas at Rainy River are engagement with our Indigenous partners, local procurement and economic development. We take a collaborative approach to environmental monitoring through the Environmental Monitoring Board, which is made up of Community members and New Gold Rainy River staff. We understand our approach to the environment is important to surrounding communities and incorporate traditional knowledge into our monitoring as much as possible to ensure we respect the shared knowledge of our partners. We will continue to focus on local procurement and working with local partners to provide business opportunities to more Indigenous companies. Economic development for the surrounding area continues to be a top priority, and we know that through business development opportunities and increased employment, we can have a long-term positive impact for our partners, building on our strong relationships and creating more resilient communities.

Our key focus areas for New Afton include tailings management, energy reduction plans and Indigenous relations. In 2020, we began construction of our Thickened and Amended Tailings facility ("TAT"), which will support more efficient water management and improve long-term environmental impacts. As part of the Company's climate action plan, New Afton continues to explore options to reduce energy use on site. In 2020, New Afton was able to achieve a reduction in fossil fuel consumption and recently purchased an electric boom truck, two electric haul trucks and one electric scoop. The introduction of these vehicles is an important step in our C-Zone development and greenhouse gas reduction targets. Our relationships with surrounding Indigenous partners remain strong as we actively collaborate to improve the benefits to the surrounding areas based on mine expansion.

In 2020, CSP continued both biophysical and social closure plans to ensure the legacy of the mine was one of respect and impact. Although COVID-19 impacted activities in the first half of the year, the team continued to work with the surrounding communities to provide personal protective equipment ("PPE"), water sanitization and community infrastructure to ease the burden of COVID-19. CSP completed numerous reforestation projects using native species from the area as part of each project. At the site over 1 million native plants and cacti have been grown for reforestation purposes in the last 10 years. Community members are part of the reforestation and educational sessions are held with schools and youth groups on the importance of environmental stewardship. In 2020, the CSP team completed the restoration of historical buildings in the town of Cerro de San Pedro and continues to support local entrepreneurs through the CSP foundation, which was established in 2017.

CORPORATE DEVELOPMENTS

In the first quarter of 2020, New Gold entered into a strategic partnership with Ontario Teachers' Pension Plan ("Ontario Teachers'"). Under the terms of the strategic partnership, Ontario Teachers' acquired a 46.0% free cash flow interest in the New Afton mine for upfront cash proceeds of $300 million. Ontario Teachers' has an option to convert the free cash flow interest into a 46.0% joint venture interest in New Afton in four years, or have their free cash flow interest remain as a free cash flow interest at a reduced rate of 42.5%. New Gold holds an overriding buyback option to re-purchase and cancel the interim interest during the joint venture interest option period and a right of first offer for the life of the agreements.

In the second quarter of 2020, the Company completed a $400 million senior notes offering yielding 7.50% due in 2027 that was used, along with cash on hand, to fund the full redemption of its outstanding 6.25% senior notes due in 2022 which was completed in Q3, 2020.

In the third quarter of 2020, the Company completed the divestment of the Blackwater Project to Artemis Gold Inc. ("Artemis") for total cash consideration of C$190 million (in aggregate, corresponding to $170.0 million). The initial cash payment of C$140 million was received with the remaining C$50 million cash payment due in Q3, 2021. Under the terms of the agreement with Artemis, the Company also retained an 8% gold stream and received a 6% equity stake in Artemis. The Company also transferred approximately $90 million in letters of credit related to mine closure costs to surety bonds, increasing the funds available under the credit facility.

In the fourth quarter of 2020, the Company extended its secured credit facility with a syndicate of 8 top tier financial institutions. The facility will now mature on October 9, 2023 and has a new maximum borrowing limit of $350 million. On December 23, 2020, the Company completed the partial redemption of $200 million of the principal amount of the outstanding 6.375% senior notes due in 2025 that was funded with cash on hand.

Exploration drilling programs at Rainy River and New Afton were launched late in the fourth quarter and an update is expected to be released in the latter part of the first quarter of 2021.

OUR RESPONSE TO COVID-19

New Gold has established a Pandemic Response and Business Plan Committee, comprised of leadership from all locations, that meets regularly and has developed and implemented pre-screening and business continuity plans. The Committee is established to ensure that we are assessing all potential risks and developing viable contingency plans that will enable us to stay ahead of any potential safety and health risks for our employees and members of our host communities. Designated teams from relevant functions are proactively planning for various contingencies and responding to daily changes and circumstances. We are proactively preparing for the potential spread of COVID-19 to any of New Gold's locations, with specific business continuity plans in place.

New Gold has taken numerous steps to ensure needs are being addressed in local communities. Our operations have shared action plans and preventative measures being implemented, while seeking and considering input from our employees, contractors, and communities to ensure we are delivering responsive actions consistent with broader efforts. Across New Gold we continue to identify and

implement measures at our corporate office and at all our sites to protect our workforce and communities. For further information on the Company's response, visit www.newgold.com.

Our COVID-19 response continued to be effective with the implementation of rapid testing at Rainy River. Our site remained COVID free for majority of 2020 with two isolated contract employee cases in Q4. The cases were identified early with our rapid testing process and confirmed with Public Health and posed minimal risk to the operation. Both cases have now recovered. There are currently no active cases at the Rainy River Mine.

New Afton reported six isolated COVID-19 cases, five cases being among our contractor teams. All six cases have recovered. New Afton implemented wearable contact tracing technology and is in the process of implementing rapid testing as outlined by the Government of British Columbia. New Afton continues to take all precautions against COVID-19 for employees and contractors.There are currently no active cases of COVID-19 at the New Afton Mine.

OUTLOOK FOR 2021

New Gold's operational outlook assumes that our operations will continue without any significant COVID-19-related interruptions. New Gold continues to maintain preventative measures at all our sites to protect our workforce and communities, and to mitigate the effects of COVID-19 on our operations. Any reduction or suspension of our operations due to COVID-19, could impact our ability to achieve the Company's 2021 outlook. Please see the Cautionary Note Regarding Forward-Looking Statements.

The Company is providing its operational outlook for 2021 with company-wide gold eq. production expected to increase over the prior year, primarily driven by an approximately 22% increase in production from the Rainy River Mine, partially offset by lower production from the New Afton Mine. Consolidated cash costs are expected to be in-line with the prior year, with lower cash costs from the Rainy River Mine and higher cash costs from the New Afton Mine. AISC are expected to decline primarily due to lower cash costs and sustaining capital requirements at Rainy River. Growth capital is expected to increase over the prior year, primarily related to the New Afton C-Zone project development.

New Gold Consolidated Operational Estimates

In 2021, the Company will continue to report production on a gold eq. basis as well as on a per-metal basis. Cash costs and AISC will be reported on a per gold eq. ounce basis. Guidance has been prepared assuming $1,800 per gold ounce, $3.50 per pound of copper and $25 per silver ounce and a foreign exchange rate of 1.28 Canadian dollars to the US dollar.

Operational Estimates	Rainy River	New Afton	Consolidated Guidance
Gold Produced (ounces)	270,000 - 290,000	52,000 - 62,000	**322,000 - 352,000**
Copper Produced (Mlbs)	-	56 - 68	**56 - 68**
Gold Eq. Produced (ounces)[1]	275,000 - 295,000	165,000 - 195,000	**440,000 - 490,000**
Cash Costs per gold eq. ounce[1][2]	$715 - $795	$920 - $1,000	**$800 - $880**
Corporate G&A per gold eq. ounce[1]	-		**$45 - $55**
All-in Sustaining Costs per gold eq. ounce[1][2]	$1,125 - $1,225	$1,200 - $1,300	**$1,220 - $1,320**
Capital Investment & Exploration Expense Estimates	**Rainy River**	**New Afton**	**Consolidated Guidance**
Sustaining Capital & Sustaining Leases ($M)[2]	$95 - $125	$40 - $60	**$135 - $185**
Growth Capital ($M)[2]	$10 - $15	$80 - $110	**$85 - $120**
Exploration Expense ($M)	~$5	~$12	**~$17**

1. *Gold eq. ounces includes approximately 538,000 to 568,000 ounces of silver at Rainy River and approximately 250,000 to 270,000 ounces of silver at New Afton.*
2. *The Company uses certain non-GAAP financial performance measures throughout this MD&A. Cash costs and all-in sustaining costs per gold eq. ounce and sustaining capital, sustaining lease and growth capital are non-GAAP financial performance measures with no standard meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. Refer to the "Non-GAAP Financial Performance Measures" section of this MD&A*

The Company announced its 2021 operational outlook for the Rainy River Mine with an approximately 22% increase in production. Cash costs and AISC are expected to decrease over the prior year, primarily due to lower cash costs and sustaining capital requirements as all deferred construction capital programs were completed in 2020. Growth capital is expected to increase over the prior year, primarily related to development of the underground Intrepid Zone.

The New Afton mine plan for the year was adjusted following the tragic mud-rush event that occurred on February 2, 2021. Underground mining activities are safely and sequentially ramping-up as we continue to maintain our focus on the health, safety and wellbeing of our people. The adjusted plan contemplates lower tonnes mined from the recovery level, as mining operations will be limited to remote mucking activities. It is expected that mining on Lift 1, which includes the West cave, East cave and pillar recovery ("Lift 1") will ramp-up during the first quarter and return to pre-incident mining rates in the second quarter, which is expected to be maintained over the balance of the year. It is expected that the B3 permit will be received in the latter part of the first quarter and ore extraction from the B3 zone will begin during the second quarter and ramp up over the year as more draw points are accessible. As a result of lower tonnes mined during the year, a portion of current surface stockpiles will be processed to supplement mill feed. C-Zone development will continue to be advanced as planned and the project remains on schedule.

During the year, operating expense per gold eq. ounce is expected to be between $715 and $795 for the Rainy River Mine and between $810 and $890 per gold eq. ounce for the New Afton Mine.

During the year, depreciation and depletion is expected to average between $460 and $540 per gold eq. ounce for the Rainy River Mine and between $300 and $380 per gold eq. ounce for the New Afton Mine.

MINERAL RESERVES AND MINERAL RESOURCES UPDATE

Mineral Reserves and Mineral Resources Summary[1]	As at December 31, 2020			As at December 31, 2019		
Proven and Probable Mineral Reserves	Gold koz	Silver koz	Copper Mlbs	Gold koz	Silver koz	Copper Mlbs
Rainy River	**2,598**	**7,152**	**-**	**2,636**	**6,266**	**-**
Open Pit	1,599	3,518	-	1,748	3,602	-
Underground	672	1,795	-	549	1,034	-
Low grade and stockpile	327	1,839	-	339	1,629	-
New Afton	**958**	**2,670**	**758**	**1,005**	**2,844**	**802**
Blackwater	-	-	-	8,170	60,800	-
Total Proven and Probable Reserves	**3,556**	**9,822**	**758**	**11,811**	**69,909**	**802**
Measured and Indicated Mineral Resources (exclusive of Mineral Reserves) [1]						
Rainy River	**2,005**	**5,125**	**-**	**1,914**	**5,120**	**-**
Open Pit	187	562	-	245	789	-
Underground	1,818	4,563	-	1,669	4,331	-
New Afton	**1,182**	**4,246**	**1,003**	**1,118**	**3,754**	**933**
Blackwater	-	-	-	1,402	8,915	-
Total Measured and Indicated Mineral Resources	**3,187**	**9,371**	**1,003**	**4,434**	**17,788**	**933**
Total Inferred Mineral Resources	**412**	**917**	**143**	**754**	**3,124**	**121**

1. *Refer to the detailed Mineral Reserve and Mineral Resource tables that follow at the end of this MD&A for the estimates as at December 31, 2020 and the Company's Annual Information Form dated March 27, 2020 for estimates as at December 31, 2019.*
2. *The Mineral Reserves and Mineral Resources stated above are as at December 31, 2020 and do not reflect any events subsequent to that date.*

Consolidated gold Mineral Reserves decreased by approximately 8.25 million gold ounces as compared to 2019. This decrease includes approximately 8.17 million gold ounces related to the sale of the Blackwater Project in August 2020, 253,000 gold ounces of mining depletion at the Rainy River Mine and approximately 85,000 gold ounces of mining depletion at the New Afton Mine. Mining depletion was partially offset by approximately 253,000 ounces of positive resource to reserve conversion from updated mine designs and operational plans at both mines.

At the Rainy River Mine, total Mineral Reserves slightly decreased by approximately 38,000 gold ounces over the prior year, primarily due to mine depletion that was partially offset by the conversion of 215,000 gold ounce from Mineral Resources to Mineral Reserves (92,000 open pit mine plan and 123,000 underground mine plan) due to updated mine designs and operational plan optimization. The increase in Mineral Reserves was driven by updated metal price assumptions and updated cut-off grades for underground reserves.

At the New Afton Mine, Mineral Reserves decreased by approximately 47,000 gold ounces over the prior year as a result of mine depletion that was partially offset by the addition of 38,000 gold ounces from the C-zone mine plan optimization.

Consolidated Measured and Indicated Mineral Resources decreased by approximately 1.2 million gold ounces due to the sale of the Blackwater Project, partially offset by increased underground Mineral Resources at the Rainy River and New Afton Mines. At the Rainy River Mine Measured and Indicated Mineral Resources have increased by 91,000 gold ounces due to higher gold prices and lower cut-off

grades applied for underground ore material. Total Measured and Indicated Mineral Resources at the New Afton Mine increased by approximately 64,000 gold ounces driven by additional drilling in 2020.

Consolidated Inferred Mineral Resources decreased by approximately 340,000 gold ounces due the sale of the Blackwater Project.

KEY PERFORMANCE DRIVERS

There is a range of key performance drivers that are critical to the successful implementation of New Gold's strategy and the achievement of its goals. The key internal drivers are production volumes and costs. The key external drivers are market prices of gold and copper as well as foreign exchange rates.

Production Volumes and Costs

For an analysis of the impact of production volumes and costs for the three months and the year ended December 31, 2020 relative to prior-year periods, refer to the "Review of Operating Mines" section of this MD&A.

Commodity Prices

Gold Prices

The price of gold is the single largest factor affecting New Gold's profitability and operating cash flows. As such, the current and future financial performance of the Company is expected to be closely related to the prevailing price of gold.

For the year ended December 31, 2020, New Gold's gold revenue per ounce and average realized gold price per ounce were $1,537 and $1,559 respectively, compared to the LBMA p.m. average gold price of $1,770 per ounce.

For the three months ended December 31, 2020, New Gold's gold revenue per ounce and average realized gold price per ounce were $1,606 and $1,623 respectively, compared to the London Bullion Market ("LBMA") p.m. average gold price of $1,873 per ounce.

The call options that were exercised in 2020 had an average strike price of $1,355 for the first half and $1,415 for the second half of 2020 which impacted gold revenue per ounce and average realized gold price per ounce. At the end of 2020 all gold option contracts have expired and the Company is now fully exposed to current gold prices.

Copper Prices

For the year ended December 31, 2020, New Gold's copper revenue per pound and average realized copper price per pound were $2.67 and $2.86 respectively compared to the average LME copper price of $2.80 per pound.

For the three months ended December 31, 2020, New Gold's copper revenue per pound and average realized copper price per pound were $3.14 and $3.34 respectively compared to the average London Metals Exchange ("LME") copper price of $3.25 per pound.

In Q1 2021, the Company purchased low cost copper put options with a floor of $3.10 per pound, covering 1,700 tonnes per month (approximately 65% of anticipated production), for the period from April 2021 to September 2021, while maintaining full exposure to higher copper prices.

Foreign Exchange Rates

The Company's key operations are in Canada, while revenue is generated in U.S. dollars. As a result, the Company has foreign currency exposure with respect to costs not denominated in U.S. dollars. New Gold's operating results and cash flows are influenced by changes in various exchange rates against the U.S. dollar. The Company has exposure to the Canadian dollar through New Afton and Rainy River, as well as through corporate administration costs. The Company also has exposure to the Mexican peso through its reclamation activities at Cerro San Pedro.

The spot Canadian dollar strengthened by approximately 2% against the U.S. dollar during 2020. The strengthening of the Canadian dollar impacts costs in U.S. dollar terms at the Company's Canadian operations, as a significant portion of operating and capital costs are denominated in Canadian dollars.

In the first quarter of 2020, the Company entered into foreign exchange forward contracts in order to hedge the Company's spending in Canadian dollars. The Company hedged $20.0 million U.S. dollars per month at average Canadian dollar to U.S. dollar foreign exchange rate of 1.40 for the period of April 2020 to December 2020.

For an analysis of the impact of foreign exchange fluctuations on operating costs, refer to the "Review of Operating Mines" sections for Rainy River and New Afton.

Economic Outlook

The LBMA p.m. gold price finished Q4 2020 flat versus to the end of Q3. Uncertainty around the short and long-term economic impacts of COVID-19 continues to cause increased volatility in equity markets and has encouraged inflows into safe-haven assets such as U.S. treasuries and gold. Against this economic backdrop, gold held in exchange-traded products recorded positive flows and combined with a rising gold price pushed assets under management in gold ETFs to new record highs during 2020.

Prospects for gold are encouraged by several structural factors. Mine supply has been plateauing as high-quality deposits become more difficult to find and more expensive to develop and mine. Exploration budgets have been cut in recent years, increasing the likelihood that supply will remain muted, even in the face of increasing gold prices.

Economic events can have significant effects on the price of gold, through currency rate fluctuations, the relative strength of the U.S. dollar, gold supply and demand, and macroeconomic factors such as interest rates and inflation expectations. Management anticipates that the long-term economic environment should provide support for precious metals such as gold and believes the prospects for the business are favourable.

FINANCIAL RESULTS

Summary of Financial Results

	Three months ended December 31				Year ended December 31
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**	**2018**
FINANCIAL RESULTS					
Revenue	**198.9**	139.2	**643.4**	630.6	604.5
Operating expenses	**97.3**	105.2	**339.9**	371.9	325.4
Depreciation and depletion	**50.8**	64.4	**193.1**	240.6	239.9
Revenue less cost of goods sold	**50.8**	(30.4)	**110.4**	18.1	39.2
Corporate administration	**4.3**	4.8	**15.6**	17.6	23.2
Corporate restructuring	**—**	1.1	**—**	1.1	4.1
Share-based payment expenses	**3.7**	(0.1)	**7.6**	1.7	0.7
Asset impairment	**—**	—	**—**	—	1,054.8
Exploration and business development	**2.3**	1.3	**5.8**	5.6	3.0
Income (loss) from operations	**40.5**	(37.5)	**81.4**	(7.9)	(1,046.6)
Finance income	**0.2**	0.5	**1.1**	2.2	1.5
Finance costs	**(30.2)**	(14.3)	**(79.2)**	(62.6)	(69.0)
Other gains and losses					
Rainy River underground project costs	**—**	—	**—**	(3.4)	—
(Loss) gain on foreign exchange	**(2.7)**	(2.4)	**1.2**	(3.7)	6.6
Loss on disposal of other assets	**(0.3)**	(0.8)	**(1.6)**	(1.2)	(0.3)
Gain (loss) on revaluation of investments	**7.8**	(0.1)	**17.4**	—	(0.2)
Settlement and (loss) gain on revaluation of copper price option contracts	**—**	(0.2)	**—**	(0.7)	4.8
Gain (loss) on foreign exchange derivative	**0.4**	(0.5)	**9.0**	1.5	—
Unrealized (loss) gain on revaluation of non-current derivative financial liabilities	**(67.1)**	46.3	**(110.4)**	20.1	11.7
Settlement and gain (loss) on revaluation of gold price option contracts	**23.0**	3.5	**26.4**	(21.7)	(4.8)
Revaluation of CSP's reclamation and closure cost obligation	**1.2**	(0.6)	**3.4**	0.6	(1.0)
New Afton free cash flow interest obligation transaction costs	**—**	—	**(3.4)**	—	—
Gain on receivable associated with Mesquite sale	**12.8**	—	**12.8**	4.0	—
Loss on sale of Blackwater	**—**	—	**(30.2)**	—	—
Other	**(1.6)**	(0.2)	**(2.9)**	(1.1)	1.3
Loss before taxes	**(16.0)**	(6.3)	**(75.0)**	(73.9)	(1,096.0)
Income tax (expense) recovery	**(5.1)**	6.6	**(4.3)**	0.4	10.4
Net (loss) income from continuing operations	**(21.1)**	0.3	**(79.3)**	(73.5)	(1,085.6)
(Loss) earnings from discontinued operations	**—**	—	**—**	—	(154.9)
Net (Loss) earnings	**(21.1)**	0.3	**(79.3)**	(73.5)	(1,240.5)
Adjusted net income (loss) [1]	**27.9**	(28.0)	**19.2**	(47.2)	(25.4)

1. *The Company uses certain non-GAAP financial performance measures throughout this MD&A. Adjusted net income is a non-GAAP financial performance measure with no standard meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For a detailed description of each of the non-GAAP measures used in this MD&A and a detailed reconciliation, please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A.*

Revenue

For the year ended December 31, 2020, the increase in revenue was due to an increase in gold and copper prices which was partially offset by a decrease in sales volume which included the impact related to a voluntary two-week suspension due to COVID-19 at Rainy River. For the three months ended December 31, 2020, the increase in revenue was due to an increase in gold and copper prices and gold sales volume. A detailed discussion of production is included in the “Review of Operating Mines” section of this MD&A.

Operating expenses

For the year ended December 31, 2020, operating expenses were lower than the prior-year period due to improved operational and cost performance and lower production. For the three months ended December 31, 2020, operating expenses were lower than the prior year period due to improved operational and cost performance and an inventory write-down of $14.1 million in the prior year period. For further information, please refer to the "Review of Operating Mines" section of this MD&A.

Depreciation and depletion

For the year and three months ended December 31, 2020, depreciation and depletion decreased when compared to the prior-year periods due to lower metal sales volumes and updated depletion bases. At Rainy River, the depreciation per ounce has increased as a result of decreased reserves and shorter mine life when compared to the prior-year. At New Afton, depreciation per ounce has decreased as a result of the inclusion of C-Zone reserves in its depletion base and longer mine life.

Revenue less cost of goods sold

For the year and three months ended December 31, 2020, revenue less costs of goods sold increased when compared to prior-year periods due to higher metal prices, lower depreciation and depletion and lower operating expenses.

Corporate administration

For the year and three months ended December 31, 2020, corporate administration decreased compared with the prior-year periods due to a lower corporate headcount, resulting in lower compensation and benefit expenses.

Share-based payment expenses

For the year and three months ended December 31, 2020, share-based payment expenses increased compared with prior-year periods due to an increase in New Gold's share price which increases share based payments.

Finance income and finance costs

For the year ended and three months ended December 31, 2020, finance costs increased as a result of the $23.3 million and $16.8 million losses on repayment of long term debt partially offset by lower long term debt outstanding.

Other gains and losses

The following other gains and losses are added back for the purposes of adjusted net earnings:

Underground project costs

In the prior-year period, underground project costs related to costs associated with the deferral of the Rainy River underground mine development plan and included demobilization and related costs.

Foreign exchange

Movements in foreign exchange are primarily due to the revaluation of monetary assets and liabilities at the balance sheet date and the appreciation or depreciation of the Canadian dollar and Mexican peso compared to the U.S. dollar in the current period.

Foreign exchange forward contracts

For the year and three months ended December 31, 2020, the Company recognized a gain of $9.0 million and $0.4 million, respectively, associated with the Company's foreign exchange forward contracts.

Gold stream obligation

For the year and three months ended December 31, 2020, the Company recognized a loss on the revaluation of the gold stream obligation derivative instrument of $58.3 million and $36.0 million. The loss was primarily driven by a lower discount rate and higher gold prices.

New Afton free cash flow interest obligation

For the year and three months ended December 31, 2020, the Company recognized a loss on revaluation of the New Afton free cash flow interest obligation of $52.1 million and $31.1 million. The loss was primarily driven by a lower discount rate and higher gold and copper prices. The Company also incurred $3.4 million in transaction costs upon inception of the financial obligation.

Loss on sale of Blackwater

For the year ended the Company recognized a loss of $30.2 million on disposal of Blackwater to Artemis.

Unrealized gain on investments

For the year and three months ended December 31, 2020, the Company recognized unrealized gains of $17.4 million and $7.8 million primarily related to an increase in share price for Artemis shares and other investments.

Gold option contracts

For the year and three months ended December 31, 2020, the Company recognized a gain on the revaluation of the gold price option contracts of $26.4 million and $23.0 million due to the settlement of gold option contracts. A realized loss of $67.2 million was recognized in revenue for the year ended December 31, 2020.

Mesquite sale proceeds

For the year and three months ended December 31, 2020, the $12.8 million gain on the Mesquite sale receivable represents tax credits receivable under the terms of the sales agreement.

CSP's reclamation, closure cost obligation

Cerro San Pedro transitioned to the reclamation phase of its mine life cycle effective December 31, 2018. The revaluation of Cerro San Pedro's reclamation and closure cost obligation is a result of changes in estimates to the expected cash flows.

Income tax

The current and prior-year income tax recovery relates primarily to current and deferred mineral taxes in the period.

On an adjusted earnings basis, the adjusted tax expense for the year ended December 31, 2020 was $7.4 million, compared to $1.0 million in the prior-year period. The adjusted tax expense excludes the impact of other gains and losses on the consolidated income statement. Please refer to the “Non-GAAP Financial Performance Measures” section of this MD&A.

Net loss

For the year and three ended December 31, 2020, the net loss increased compared to the prior-year periods primarily due to the loss on the revaluation of the Rainy River gold stream obligation and the New Afton free cash flow obligation to the Ontario Teacher's Pension Plan, partially offset by higher income from operations.

Adjusted net earnings (loss)

Net earnings (losses) have been adjusted for loss on repayment of long term debt, inventory write-downs, corporate restructuring charges and other gains and losses on the consolidated income statement. Key elements in other gains and losses are: underground project costs at Rainy River; the fair value changes for the gold stream obligation; fair value changes for the free cash flow interest obligation; fair value changes for copper and gold price option contracts, fair value changes for the foreign exchange forward contracts, financial instrument transaction costs, loss on sale of Blackwater, foreign exchange gains/loss and gain and loss on investments. The adjusted entries are also impacted for tax to the extent that the underlying entries are impacted for tax in the unadjusted net earnings. Please refer to the “Non-GAAP Financial Performance Measures” section of this MD&A.

For the year and three months ended December 31, 2020, adjusted earnings increased when compared to the prior-year periods primarily due to higher revenue, lower operating expenses and lower depreciation and depletion.

For further information on the Company’s liquidity and cash flow position, please refer to the “Liquidity and Cash Flow” section of this MD&A. For further information on the Company’s financial results, please refer to the “Financial Results” section of this MD&A.

Key Quarterly Operating and Financial Information

Selected financial and operating information for the current and previous quarters is as follows:

(in millions of U.S. dollars, except where noted)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
OPERATING INFORMATION[2]									
Gold production from operations (ounces)[1]	**83,096**	78,959	64,294	66,790	66,856	91,087	85,216	79,398	97,428
Gold sales from operations (ounces)[1]	**86,491**	75,760	60,853	68,773	71,691	85,867	84,184	89,312	84,421
Revenue	**198.9**	173.7	128.5	142.3	139.2	168.4	155.1	167.9	157.4
Net income (loss)	**(21.1)**	15.7	(45.6)	(28.3)	0.3	(24.7)	(35.7)	(13.4)	(742.5)
Per share:									
Basic ($)	**(0.03)**	0.02	(0.07)	(0.04)	0.00	(0.04)	(0.06)	(0.02)	(1.28)
Diluted ($)	**(0.03)**	0.02	(0.07)	(0.04)	0.00	(0.04)	(0.06)	(0.02)	(1.28)

1. *A detailed discussion of production is included in the "Review of Operating Mines" section of this MD&A.*
2. *Operating information for all periods presented are from continuing operations.*

REVIEW OF OPERATING MINES

Rainy River Mine, Ontario, Canada

Rainy River is a gold mine located approximately 50 kilometres northwest of Fort Frances, a town of approximately 8,000 people, in northwestern Ontario, Canada.

A summary of Rainy River's operating results is provided below.

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
OPERATING INFORMATION				
Ore mined (thousands of tonnes)	**3,948**	1,793	**11,777**	6,830
Operating waste mined (thousands of tonnes)	**6,801**	6,810	**26,064**	26,901
Capitalized waste mined (thousands of tonnes)	**3,846**	3,921	**13,290**	9,486
Waste mined (thousands of tonnes)	**10,646**	10,731	**39,354**	36,387
Ore processed (thousands of tonnes)	**2,484**	2,072	**8,819**	8,023
Ratio of waste-to-ore	**2.70**	5.99	**3.34**	5.33
Average gold grade (grams/tonne)	**0.93**	0.85	**0.90**	1.08
Gold recovery rate (%)	**90**	91	**90**	91
Gold eq. (ounces)[1][3]:				
Produced	**68,241**	51,915	**233,201**	257,051
Sold	**72,279**	57,258	**235,416**	268,718
Gold (ounces)[1]:				
Produced	**66,734**	51,122	**228,919**	253,772
Sold	**70,675**	56,390	**231,112**	265,359
Average gold realized price[1][2] ($/ounce)	**1,624**	1,366	**1,561**	1,335
Operating expenses per gold eq. ounce sold ($/ounce)[3]	**864**	1,278	**906**	962
Depreciation and depletion per gold eq. ounce[2][3]	**523**	512	**600**	349
Total cash costs per gold eq. ounce sold[2][3]	**864**	1,032	**906**	910
All-in sustaining costs per gold eq. sold[2][3]	**1,494**	2,429	**1,562**	1,630
FINANCIAL INFORMATION				
Revenue	**118.1**	78.4	**368.7**	358.9
Operating margin[2]	**55.7**	5.2	**155.5**	100.5
Revenue less cost of goods sold	**17.8**	(24.2)	**14.2**	6.6
Capital expenditures (sustaining capital)[2]	**41.1**	79.3	**137.7**	179.1
Capital expenditures (growth capital)[2]	**2.8**	0.1	**3.1**	6.8

1. *Production is shown on a total contained basis while sales are shown on a net payable basis, including final product inventory and smelter payable adjustments, where applicable.*
2. *The Company uses certain non-GAAP financial performance measures throughout this MD&A. Total cash costs and all-in sustaining costs per gold eq ounce sold, average realized price, operating margin and capital expenditures (sustaining capital, sustaining leases, and growth capital) are non-GAAP financial performance measures with no standard meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. For further information and a detailed reconciliation, please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A.*
3. *Gold eq. ounces include silver ounces and copper ounces produced or sold converted to a gold eq. based on a ratio of $1,500 per gold ounce and $17.75 per silver ounce. Throughout the year the Company reported gold equivalent ounces using a constant ratio of those prices.*

Operating results

The Rainy River Mine has achieved the higher end of the revised annual gold eq. production guidance. Operating expenses and cash costs were below revised annual guidance, primarily due to lower mining costs during the year as well as higher production and sales. AISC were below the revised annual guidance due to lower operating expenses and sustaining capital spend. Sustaining capital achieved the lower end of the revised annual guidance estimates, primarily due to realized savings related to Tailings Management Area ("TMA") construction.

Production

For the fourth quarter, gold eq. production was 68,241 ounces (66,734 ounces of gold and 127,390 ounces of silver), at a grade of 0.93 grams per tonne, an increase over the prior two quarters. For the year, gold eq. production was 233,201 ounces (228,919 ounces of gold and 361,862 ounces of silver), achieving the higher end of revised annual production guidance. For the fourth quarter production increased when compared to the prior-year period primarily due to higher grades. For the year production decreased when compared to the prior year primarily due to planned lower grades and a two-week voluntary shutdown due to COVID-19.

During the fourth quarter, the open pit mine achieved approximately 159,000 tonnes per day, a 9% increase over the prior quarter and exceeding the 2021 target of 151,000 tonnes per day. During the quarter, approximately 3.9 million ore tonnes and 10.6 million waste tonnes (including 3.8 million capitalized waste tonnes) were mined from the open pit at an average strip ratio of 2.70:1.Capitalized waste remained elevated in the quarter as Phase 3 waste stripping continued to advance.

For the second consecutive quarter, the mill processed approximately 27,000 tonnes per day for the quarter, the maximum average allowable under the existing mill permit. The mill continued to process ore directly supplied by the open pit combined with ore from the medium grade stockpile and processed an average grade of 0.93 grams per tonne at a gold recovery of 90%. Low grade ore continues to be stockpiled for future processing as part of the underground mine plan. With the mill operating consistently at its maximum capacity, efforts will continue to focus on additional optimization opportunities to increase recovery and unit cost performance. Mill availability for the quarter averaged 94%, exceeding plan.

Revenue

For the three months ended December 31, 2020, revenue increased compared to the prior-year period due to higher gold prices and sales volume. For the year ended December 31, 2020, revenue increased compared to the prior period due to higher gold prices which was partially offset by lower sales volumes.

Revenue less cost of goods sold

For the three months and year ended December 31, 2020, revenue less cost of goods sold increased when compared to prior-year periods, primarily driven by higher revenues and lower operating expenses in the quarter.

Operating expenses, depreciation and depletion, total cash costs, all-in sustaining costs, and capital expenditures

Operating expense and total cash costs were $864 per gold eq. ounce for the quarter, a decrease over the prior year quarter primarily due to higher production as a result of higher grade ore tonnes mined and milled, as well as a non-cash inventory write down included in the prior year period. For the year,

operating expense and total cash costs per gold eq. ounce were $906, a decrease over the prior year due to a non-cash inventory write down included in the prior year period.

For the year ended December 31, 2020, (excluding the Canada Emergency Wage Subsidy of $7.4 million) mining cost per tonne were below 2020 planned levels due to lower diesel prices realized which offset the impact of lower tonnes mined due to the impact of COVID-19. Processing costs per tonne were in line with 2020 planned levels, despite the lower throughput. General and administrative costs per tonne milled were higher than 2020 planned levels, impacted by the lower throughput. Unit costs per tonne achieved for the quarter are in line with planned 2021 costs per the March 2020 NI 43-101 technical report.

Depreciation and depletion was $523 per gold eq. ounce for the quarter and $600 per gold eq. ounce for the year. Depreciation and depletion increased from the prior-year period primarily due to decreased reserves and shorter mine life when compared to the prior year.

Sustaining capital and sustaining lease payments for the quarter were $43.6 million and $147.5 million for the year, including $9.7 million and $32.9 million of capitalized mining costs, respectively. All key capital projects were completed during the quarter, including the Stage 2 tailings dam raise and wick drain installation for stabilization of the east waste dump. As previously disclosed, a small portion of the TMA construction as well as other smaller projects that were originally scheduled for completion in 2021 were completed in the quarter, thereby reducing planned capital requirements for 2021.

AISC were $1,494 per gold eq. ounce for the quarter and $1,562 per gold eq. ounce for the year, a decrease over the prior year periods due primarily to lower sustaining capital spend in the current year.

At the end of the quarter, development of the decline towards the Intrepid underground ore zone had advanced 590 metres, exceeding the planned 550 metres for the year. The operation has accessed the first ore level by the middle of the first quarter. The focus in 2021 will be on the refinement of the long-hole mining methodology and block model. Production from the Intrepid Zone is expected to begin in late 2022.

Impact of foreign exchange on operations

Rainy River's operations are impacted by fluctuations in the valuation of the U.S. dollar against the Canadian dollar. For the three months ended December 31, 2020, the value of the U.S. dollar averaged $1.30 against the Canadian dollar, when compared to $1.32 against the Canadian dollar in the prior-year period. This had a negative impact on total cash costs of $11 per gold eq. ounce sold against the prior-year period. For the year ended December 31, 2020, the value of the U.S. dollar averaged $1.34 against the Canadian dollar compared to $1.33 in the prior year. This had a positive impact on total cash costs of $9 per gold ounce sold against the prior year.

Exploration activities

Late in the quarter, a drilling program was launched on the North East Trend, located approximately 18 kilometres northeast of the Rainy River Mine. A total of 1,298 metres of the planned 8,000 metres were completed by the end of the year. The drilling program continues to test the previously identified high priority targets.

New Afton Mine, British Columbia, Canada

The New Afton mine is located near Kamloops, a city of approximately 90,000 people, in south-central British Columbia.

A summary of New Afton's operating results is provided below.

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
OPERATING INFORMATION				
Ore mined (thousands of tonnes)	**1,493**	1,266	**5,763**	5,437
Operating waste mined (thousands of tonnes)	**—**	8	**41**	47
Capitalized waste mined (thousands of tonnes)	**95**	64	**291**	217
Waste mined (thousands of tonnes)	**95**	71	**332**	265
Ore processed (thousands of tonnes)	**1,413**	1,459	**5,532**	5,584
Average grade:				
Gold (grams/tonne)	**0.46**	0.42	**0.45**	0.47
Copper (%)	**0.73**	0.70	**0.72**	0.78
Recovery rate (%):				
Gold	**79**	79	**80**	82
Copper	**81**	81	**82**	83
Gold eq. (ounces)[1]:				
Produced	**52,326**	49,507	**204,416**	229,091
Sold	**49,860**	47,188	**192,953**	219,447
Gold (ounces)[1]:				
Produced	**16,362**	15,734	**64,220**	68,785
Sold	**15,817**	15,301	**60,765**	65,694
Copper (millions of pounds)[1]:				
Produced	**18.5**	18.3	**72.1**	79.4
Sold	**17.5**	17.3	**68.0**	76.4
Revenue				
Gold ($/ounce)	**1,525**	1,218	**1,449**	1,220
Copper ($/pound)	**3.14**	2.39	**2.67**	2.45
Average realized price[2]:				
Gold ($/ounce)	**1,621**	1,364	**1,553**	1,348
Copper ($/pound)	**3.34**	2.68	**2.86**	2.71
Operating expenses per gold eq. ounce sold ($/ounce)[3]	**706**	678	**657**	517
Depreciation and depletion per gold eq. ounce	**260**	745	**268**	670
Total cash costs per gold eq. sold ($/ounce)[2][3]	**808**	833	**759**	647
All-in sustaining costs per gold eq. sold ($/ounce)[2][3]	**1,330**	1,076	**1,064**	829
FINANCIAL INFORMATION:				
Revenue	**80.8**	60.8	**274.7**	271.7
Operating margin[2]	**45.9**	28.8	**148**	158.2
Revenue less cost of goods sold	**33.0**	(6.2)	**96.2**	11.5
Capital expenditures (sustaining capital)[2]	**25.4**	10.6	**57.0**	37.7
Capital expenditures (growth capital)[2]	**39.9**	10.5	**77.1**	24.1

1. *Production is shown on a total contained basis while sales are shown on a net payable basis, including final product inventory and smelter payable adjustments, where applicable.*
2. *The Company uses certain non-GAAP financial performance measures throughout this MD&A. Total cash costs and all-in sustaining costs per gold ounce sold, average realized price, operating margin, and capital expenditures (sustaining capital, sustaining leases, and growth capital) are non-GAAP financial performance measures with no standard meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For further information and a detailed reconciliation, please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A.*
3. *Gold eq. ounces include silver ounces and copper ounces produced or sold converted to a gold eq. based on a ratio of $1,500 per gold ounce, $17.75 per silver ounce and $2.85 per copper pound. Throughout the year the Company reported gold equivalent ounces using a constant ratio of those prices.*

On February 2, 2021, a tragic mud-rush incident occurred at the New Afton Mine with a contract driller fatally injured and two New Afton employees receiving non-life-threatening injuries. The mud-rush was localized underneath the Lift 1 cave in the isolated recovery zone area, which does not interact with other areas of the mine, including the B3 and C-Zone areas. Surface operations were not impacted, and the mill facility is currently processing ore from the live pile and the intermediate-grade surface stockpile. Underground operations are ramping-up and B3 and C-Zone development is advancing. Underground mining activities will be safely and sequentially ramping-up as we maintain our focus on the health, safety and well being of our people.

Operating results

The New Afton Mine achieved the mid-range of the revised annual gold eq. production guidance. Operating expense and cash costs achieved the mid-range of the revised guidance. AISC was below the revised annual guidance, primarily due to lower sustaining capital spend. Sustaining capital was slightly below the revised annual guidance and growth capital achieved the mid-range of revised annual guidance.

Production

For the fourth quarter, New Afton produced 52,326 gold eq. ounces (16,362 ounces of gold, and 18.5 million pounds of copper). For the year, the mine produced 204,416 gold eq. ounces (64,220 ounces of gold, and 72.1 million pounds of copper), achieving the mid-range of revised annual production guidance. For the fourth quarter production increased when compared to the prior-year period primarily due to higher grades. For the year production decreased when compared to the prior year primarily due to lower grades.

The underground mine averaged 17,259 tonnes per day for the quarter, above original planned levels.

During the quarter, the mill averaged 15,358 tonnes per day, in-line with plan. The mill processed average gold and copper grades of 0.46 grams per tonne gold and 0.73% copper, respectively, with gold and copper recoveries of 79% and 81%, respectively. Mill availability for the quarter averaged 99%, above plan.

The 2020 mine plan incorporated multiple sources of mined ore, including extraction from the east and west caves and rehabilitation and pillar recoveries of medium-high grade. During the quarter, a new access level into the east cave recovery zone that was completed in the third quarter was utilized with an average extraction rate of 1,339 tonnes per day, including several days over 3,000 tonnes per day in December.

During the quarter, total development towards the B3 and C-Zone advanced by approximately 1,705 metres, with B3 development achieving 91% and the C-Zone achieving 110% of the planned levels for the year. As of December 31, 2020, the execution of the overall B3/C-Zone development project remained on schedule.

B3 permitting remains on schedule and the C-zone permit application process is expected to commence in the first quarter of 2021.

Revenue

For the three months and year ended December 31, 2020, revenue increased compared to the prior-year periods due to higher gold and copper prices.

Revenue less cost of goods sold

For the three and year ended December 31, 2020, the increase in revenue less cost of goods sold when compared to the prior-year period was primarily driven by lower depreciation and depletion as a result of a higher depletion base due to the addition of C-zone ounces to New Afton's depletion base.

Operating expenses, depreciation and depletion, total cash costs, all-in sustaining costs, and capital expenditures

Operating expense per gold eq. ounce was $706 for the quarter and $657 per gold eq. ounce for the year. Operating expense per gold eq. ounce has increased as compared to the prior-year periods due to higher tonnes mined at lower grades resulting in lower gold and copper production and sales.

Total cash costs were $808 per gold eq. ounce for the quarter and $759 per gold eq. ounce for the year. Total cash costs per gold eq. ounce for the quarter have decreased as compared to the prior year quarter due to higher quarterly production and sales. Total cash cost per gold eq. ounce for the year have increased as compared to the prior year due to higher tonnes mined at lower grades resulting in lower gold and copper production and sales in the year.

For the year ended December 31, 2020 (excluding the Canada Emergency Wage Subsidy of $4.2 million) mining, processing and general and administrative costs per tonne were in line with 2020 planned levels.

Depreciation and depletion was $260 per gold eq. ounce for the quarter and $268 for the year. Depreciation and depletion decreased from the prior-year periods as a result of the inclusion of C-zone reserves in its depletion base and a longer mine life.

Sustaining capital and sustaining lease payments for the quarter were $25.5 million and $57.4 million for the year, primarily related to B3 mine development and advancement of the planned tailings dam raise. As a result of the delays in B3 development, there is a deferral of approximately $20 million of sustaining capital to 2021, including the reclassification of $10 million of deferred growth capital to sustaining capital.

AISC were $1,330 per gold eq. ounce for the quarter and $1,064 per gold eq. ounce for the year. AISC for the quarter and year have increased over the prior year period due to higher sustaining capital spend.

Growth capital was $39.9 million for the quarter and $77.1 million for the year. Growth capital in the quarter and year was primarily related to C-Zone development and the TAT project. Short term delays in thickener construction have been experienced by the manufacturer due to COVID-19 and as a result, approximately $10 million of growth capital will be deferred to 2021.

Impact of foreign exchange on operations

New Afton’s operations are impacted by fluctuations in the valuation of the U.S. dollar against the Canadian dollar. For the three months ended December 30, 2020, the value of the U.S. dollar averaged $1.30 against the Canadian dollar, when compared to $1.32 against the Canadian dollar in the prior-year period. This had a negative impact on total cash costs of $9 per gold eq. ounce sold against the prior-year period. For the year ended December 31, 2020, the value of the U.S. dollar averaged $1.34 against the

Canadian dollar compared to $1.33 in the prior year. This had a positive impact on total cash costs of $7 per gold ounce sold against the prior year.

Exploration activities

Late in the quarter, a 10,000 metre exploration drilling program was launched on the Cherry Creek trend with the initial focus on testing the potential near surface epithermal and porphyry style mineralization. Four drill rigs were mobilized and a total of 6,516 metres were completed by the end of the year.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

(in millions of U.S. dollars)	As at December 31 2020	As at December 31 2019
BALANCE SHEET INFORMATION		
Cash and cash equivalents	**186.3**	83.4
Other current assets	**232.5**	145.3
Non-current assets	**1,831.3**	1,929.8
Total assets	**2,250.1**	2,158.5
Current liabilities	**158.7**	171.9
Non-current liabilities excluding long-term debt	**812.9**	310.8
Long-term debt	**489.2**	714.5
Total liabilities	**1,460.8**	1,197.2
Total equity	**789.3**	961.3
Total liabilities and equity	**2,250.1**	2,158.5

Assets

Cash and cash equivalents

In March 2020, the Company received cash proceeds of $300 million resulting from the strategic partnership with Ontario Teacher's Pension Plan ("Ontario Teachers"). In June 2020, the Company issued $400 million of senior unsecured notes outstanding that mature and become due and payable on July 15, 2027. In July 2020, the Company completed the redemption of the $400 million 2022 senior unsecured notes (the "2022 Unsecured Notes"). In August 2020, Company received $103 million in net cash proceeds for the sale of Blackwater. On December 23, 2020, the Company completed the partial redemption of $200.0 million aggregate principal of the 2025 Unsecured Notes. The redemption was funded by cash on hand.On December 23, 2020, the Company completed the partial redemption of $200.0 million aggregate principal of the 2025 Unsecured Notes. The redemption was funded by cash on hand.

The increase in cash and cash equivalents was primarily driven by the Ontario Teachers transaction and the Blackwater sale, both described above, and operating cash flows, partially offset by capital expenditures, the repayment of debt and interest paid.

Other current assets

Other current assets primarily consist of trade and other receivables, inventories, investments, prepaid expenses, and income tax receivables. Other current assets increased when compared with the prior period primarily due to the proceeds receivable and equity investment received from the sale of Blackwater.

Non-current assets

Non-current assets primarily consist of mining interests which include the Company’s mining properties, development projects, property, plant and equipment. The decrease is primarily attributable to the disposal of Blackwater net of the retained mineral interest through the receipt of the Blackwater gold

stream. Additionally, non-current assets were impacted by the Company's investments in its mining interests partially offset by depreciation and depletion.

Liabilities

Current liabilities

Current liabilities consist primarily of trade and other payables. Current liabilities decreased due to the expiration of the gold option contracts at December 31, 2020.

Non-current liabilities excluding long-term debt

Non-current liabilities excluding long-term debt consist primarily of reclamation and closure cost obligations, non-current derivative obligations and deferred tax liabilities.

The Company's gold stream obligation has increased from December 31, 2019, primarily due to lower discount rates and higher gold prices, partially offset by liability repayments made in the period.

The Company's asset retirement obligations consist of reclamation and closure costs for Rainy River, New Afton, Cerro San Pedro. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing monitoring, and other costs. The long-term discounted portion of the liability as at December 31, 2020 was $113.5 million when compared to the prior year balance at December 31, 2019 of $94.7 million. The increase was primarily driven by lower discount rates and updates to the underlying reclamation and closure costs, partially offset by the sale of the Blackwater asset.

The deferred income tax liability increased from $48.3 million as at December 31, 2019 to $53.5 million at December 31, 2020. The increase in deferred income tax liability was primarily driven by increases in the New Afton British Columbia mining tax deferred tax liability due to an increase in taxable temporary differences between the accounting and tax bases of fixed assets partially offset by the derecognition of the Blackwater deferred tax liability.

As a result of the strategic partnership with Ontario Teachers described above, the Company has recognized a financial liability representing the free cash flow interest in New Afton (the "free cash flow interest obligation"). Under the terms of the agreement, Ontario Teachers has acquired a 46.0% free cash flow interest in New Afton with an option to convert the interest into a 46.0% joint venture interest in four years, or have their interest remain as a free cash flow interest at a reduced rate of 42.5%. The increase in the free cash flow interest obligation during the current year was primarily driven by lower discount rates and higher gold and copper prices.

Long-term debt and other financial liabilities containing financial covenants

Long-term debt includes senior unsecured notes and the amounts drawn on the Company's revolving credit facility (the "Credit Facility").

On December 23, 2020, the Company completed the partial redemption of $200.0 million aggregate principal of the 2025 Unsecured Notes. The redemption was funded by cash on hand.

As at December 31, 2020 the Company has $100.0 million of senior unsecured notes outstanding that mature and become due and payable on May 15, 2025 ("2025 Unsecured Notes"). The 2025 Unsecured

Notes are denominated in U.S. dollars and bear interest at the rate of 6.375% per annum. Interest is payable in arrears in equal semi-annual installments on May 15 and November 15 of each year.

Transaction costs have been offset against the carrying amount of the 2025 Unsecured Notes and are being amortized to net earnings using the effective interest method.

On June 24, 2020, the Company issued $400.0 million of senior unsecured notes ("2027 Unsecured Notes") for net cash proceeds of $392.6 million after transaction costs. The face value is $400.0 million. The 2027 Unsecured Notes are denominated in U.S. dollars and bear interest at the rate of 7.50% per annum. Interest is payable in arrears in equal semi-annual installments on January 15 and July 15 of each year.

On July 10, 2020, the Company completed the redemption of the 2022 Unsecured Notes. The redemption was funded from the net proceeds of the $400 million 2027 Unsecured Notes and cash on hand.

The 2025 and 2027 Unsecured Notes are subject to a minimum interest coverage incurrence covenant (earnings before interest, taxes, depreciation, amortization, impairment and other non-cash adjustments to interest) of 2.0:1.0.

For the year ended December 31, 2020, the Company had borrowed $35.0 million and repaid $65.0 million under the Credit Facility, resulting in $nil being drawn under the Credit Facility as at December 31, 2020. The Credit Facility has been used to issue letters of credit amounting to $46.0 million (December 31, 2019 - $118.9 million). Letters of credit relate to reclamation bonds, and other financial assurances required with various government agencies. During the year, the Company transferred from letters of credit and added approximately $ 102.6 million to surety bonds.

The Credit Facility contains various covenants customary for a loan facility of this nature, including limits on indebtedness, asset sales and liens. The Credit Facility contains three covenant tests, the minimum interest coverage ratio, being earnings before interest, taxes, depreciation, amortization, exploration, impairment and other non-cash adjustments ("Adjusted EBITDA") to interest, the maximum net debt to Adjusted EBITDA ratio ("Leverage Ratio"), and the maximum gross secured debt to Adjusted EBITDA, all of which are measured on a rolling four-quarter basis at the end of every quarter.

Significant financial covenants from the Credit Facility are as follows:

		Twelve months ended December 31	Twelve months ended December 31
	Financial covenant	**2020**	**2019**
FINANCIAL COVENANTS			
Minimum interest coverage ratio (Adjusted EBITDA to interest)	>3.0 : 1	**5.0 : 1**	4.3 : 1
Maximum leverage ratio (net debt to Adjusted EBITDA)	<4.5 : 1	**1.8 : 1**	3.1 : 1
Maximum secured leverage ratio (secured debt to Adjusted EBITDA)	<2.0 : 1	**0.3 : 1**	0.7 : 1

Liquidity and Cash Flow

As at December 31, 2020, the Company had cash and cash equivalents of $186.3 million compared to $83.4 million at December 31, 2019. The Company's investment policy is to invest its surplus funds in permitted investments consisting of treasury bills, bonds, notes and other evidences of indebtedness of Canada, the U.S. or any of the Canadian provinces with a minimum credit rating of R-1 mid from the DBRS or an equivalent rating from Standard & Poor's or Moody's and with maturities of 12 months or less at the original date of acquisition. In addition, the Company is permitted to invest in bankers' acceptances and other evidences of indebtedness of certain financial institutions. All investments must have a maximum term to maturity of 12 months and the average term will generally range from seven days to 90 days. Under the policy, the Company is not permitted to make investments in asset-backed commercial paper.

The Company's liquidity is impacted by several factors which include, but are not limited to, gold and copper production, gold and copper market prices, capital expenditures, operating costs, interest rates and foreign exchange rates. These factors are monitored by the Company on a regular basis and will continue to be reviewed.

The Company's cash flows from operating, investing and financing activities, as presented in the consolidated statements of cash flows, are summarized in the following table for the year ended December 31, 2020 and 2019:

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
CASH FLOW INFORMATION				
Cash generated from operating activities	**98.4**	47.9	**294.8**	263.5
Cash used in investing activities	**(109.3)**	(97.0)	**(173.2)**	(234.0)
Cash used in financing activities	**(222.4)**	(46.6)	**(21.9)**	(50.2)
Effect of exchange rate changes on cash and cash equivalents	**3.2**	0.3	**3.2**	0.4
Change in cash and cash equivalents	**(230.1)**	(95.4)	**102.9**	(20.3)

Operating Activities

For the year ended December 31, 2020, the increase in cash generated from operating activities was due primarily to higher revenues resulting from higher gold and copper prices. For the three months ended December 31, 2020, the increase in cash generated from operating activities was due primarily to higher revenues resulting from higher gold and copper prices and sales volumes.

Investing Activities

Cash used in investing activities is primarily for the continued capital investment in the Company's operating mines and development projects.

The following table summarizes the capital expenditures (mining interests per the consolidated statements of cash flows) for the year ended December 31, 2020:

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**	**2020**	**2019**
CAPITAL EXPENDITURES BY SITE				
Rainy River	**43.9**	79.4	**140.8**	185.9
New Afton	**65.3**	21.1	**134.1**	61.8
Other[1]	**—**	1.8	**9.3**	5.6
Capital expenditures	**109.2**	102.3	**284.2**	253.3

1. *Other includes Blackwater project expenditure.*

Blackwater Proceeds

During the year, the Company completed the divestment of the Blackwater Project to Artemis for total cash consideration of C$190 million (in aggregate, corresponding to $170.0 million). The initial cash payment of C$140 million was received during the year with the remaining C$50 million cash payment due on August 24, 2021. Under the terms of the agreement, the Company retained an 8% gold stream and received a 6% equity stake in Artemis.

Financing Activities

For the year ended December 31, 2020 cash used in financing activities of $21.9 million was primarily driven by the repayments under the Company's Credit Facility, redemption of the 2022 and 2025 Unsecured Notes, lease payments, gold stream obligation payments and interest payments partially offset by the Ontario Teachers transaction and the issuance of the 2027 Unsecured Notes as described above.

The Company's December 31, 2020 cash balance of $186.3 million, together with $304.0 million available for drawdown under the amended credit facility as at December 31, 2020, provided the Company with $490.3 million of liquidity.

The net cash generated by operations is highly dependent on metal prices, including gold and copper, as well as other factors, including the Canadian/U.S. dollar exchange rate. The Company recently purchased low cost copper put options with a floor of $3.10 per pound, covering 1,700 tonnes per month (approximately 65% of anticipated production), over the period from April 2021 to September 2021, while maintaining full exposure to higher copper prices. At the end of 2020, all gold option contracts had expired and the Company is now fully exposed to current gold prices.

In 2021, the Company is expecting to continue to advance the C-Zone development at New Afton resulting in significant capital expenditures. Assuming the continuation of prevailing commodity prices and exchange rates, and operations performing in accordance with mine plans, the Company believes it has adequate liquidity to implement its near-term operational plan and will be able to repay future indebtedness from a combination of internally generated cash flow and financing activities. Additionally, the Company has a strong liquidity position, which management feels is more than adequate to fund our business in case of any potential impacts related to COVID-19.

Commitments

The Company has entered into a number of contractual commitments for capital items relating to operations and development. At December 31, 2020, these commitments totaled $65.3 million, $65.1 million of which is expected to become due over the next 12 months. This compares to commitments of

$72.5 million as at December 31, 2019. Certain contractual commitments may contain cancellation clauses; however, the Company discloses its commitments based on management's intent to fulfill the contracts.

Contingencies

In assessing the loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. If the assessment of a contingency suggests that a loss is probable, and the amount can easily be estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of the loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the Company discloses the nature of the guarantees. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on our financial condition, cash flow and results of operations. As at December 31, 2020 and 2019 there were no contingent losses recorded.

Related Party Transactions

The Company did not enter into any related party transactions during the three months and year ended December 31, 2020 and December 31, 2019.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements during the three months and year ended December 31, 2020 and December 31, 2019.

Outstanding Shares

As at February 18, 2020, there were 680.5 million common shares of the Company outstanding. The Company had 4.8 million stock options outstanding under its share option plan, exercisable for up to 4.8 million common shares.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

Total Cash Costs per Gold Equivalent Ounce

“Total cash costs per gold equivalent ounce” is a non-GAAP measure that is a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. New Gold reports total cash costs on a sales basis and not on a production basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company’s performance and ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. New Gold believes that this measure, along with sales, is a key indicator of a Company’s ability to generate operating earnings and cash flow from its mining operations.

Total cash costs are intended to provide additional information only and do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

Total cash cost figures are calculated in accordance with a standard developed by The Gold Institute, a worldwide association of suppliers of gold and gold products that ceased operations in 2002. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Total cash costs include mine site operating costs such as mining, processing and administration costs, royalties, production taxes, but are exclusive of amortization, reclamation, capital and exploration costs. Total cash costs are then divided by gold equivalent ounces sold to arrive at the total cash costs per equivalent ounce sold.

In addition to gold the Company produces copper and silver. Gold equivalent ounces of copper and silver produced or sold in a quarter are computed using a consistent ratio of copper and silver prices to the gold price and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter. In the prior year, New Gold calculated gold equivalent ounces of copper and silver produced or sold in a quarter by calculating the ratio of the average spot market copper and silver prices to the average spot market gold price in a quarter and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter.

Notwithstanding the impact of copper and silver sales, as a Company focused on gold production, New Gold aims to assess the economic results of its operations in relation to gold, which is the primary driver of New Gold’s business. New Gold believes this metric is of interest to its investors, who invest in the Company primarily as a gold mining Company. To determine the relevant costs associated with gold equivalent ounces, New Gold believes it is appropriate to reflect all operating costs that are extracted in its operations.

Sustaining Capital

"Sustaining capital" and "sustaining lease" is a non-GAAP financial measures. New Gold defines sustaining capital as net capital expenditures that are intended to maintain operation of its gold producing assets. A sustaining lease is similarly a lease payment that is sustaining in nature. To determine sustaining capital expenditures, New Gold uses cash flow related to mining interests from its statement of cash flows and deducts any expenditures that are capital expenditures to develop new operations or

capital expenditures related to major projects at existing operations where these projects will materially increase production. Management uses sustaining capital and sustaining lease, to understand the aggregate net result of the drivers of all-in sustaining costs other than total cash costs. Sustaining capital and sustaining lease are intended to provide additional information only, do not have any standardized meanings under IFRS, and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Growth Capital

"Growth capital" is a non-GAAP financial measure. New Gold terms non-sustaining capital costs to be “growth capital”, which are capital expenditures to develop new operations or capital expenditures related to major projects at existing operations where these projects will materially increase production. To determine growth capital expenditures, New Gold uses cash flow related to mining interests from its statement of cash flows and deducts any expenditures that are capital expenditures that are intended to maintain operation of its gold producing assets. Management uses growth capital to understand the cost to develop new operations or related to major projects at existing operations where these projects will materially increase production. Growth capital is intended to provide additional information only, does not have any standardized meaning under IFRS, and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

All-in Sustaining Costs per Gold Equivalent Ounce

“All-in sustaining costs per gold equivalent ounce” is a non-GAAP measure based on guidance announced by the World Gold Council (“WGC”) in September 2013. The WGC is a non-profit association of the world’s leading gold mining companies established in 1987 to promote the use of gold to industry, consumers and investors. The WGC is not a regulatory body and does not have the authority to develop accounting standards or disclosure requirements. The WGC has worked with its member companies, to develop a measure that expands on IFRS measures such as operating expenses and non-GAAP measures to provide visibility into the economics of a gold mining company. Current IFRS measures used in the gold industry, such as operating expenses, do not capture all of the expenditures incurred to discover, develop and sustain gold production. New Gold believes the all-in sustaining costs measure provides further transparency into costs associated with producing gold and will assist analysts, investors, and other stakeholders of the Company in assessing its operating performance, its ability to generate free cash flow from current operations and its overall value. In addition, the Compensation Committee of the Board of Directors uses all-in sustaining costs, together with other measures, in its Company scorecard to set incentive compensation goals and assess performance.

All-in sustaining costs per gold equivalent ounce is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

New Gold defines all-in sustaining costs per gold equivalent ounce as the sum of total cash costs, net capital expenditures that are sustaining in nature, corporate general and administrative costs, capitalized and expensed exploration that is sustaining in nature, lease payments that are sustaining in nature, and

environmental reclamation costs, all divided by the total gold equivalent ounces sold to arrive at a per ounce figure. The table “Sustaining Capital Expenditure Reconciliation” reconciles New Gold’s sustaining capital to its cash flow statement. The definition of sustaining versus non-sustaining is similarly applied to capitalized and expensed exploration costs and lease payments. Exploration costs and lease payments to develop new operations or that relate to major projects at existing operations where these projects are expected to materially increase production are classified as non-sustaining and are excluded. Gold equivalent ounces of copper and silver produced or sold in a quarter are computed using a consistent ratio of copper and silver prices to the gold price and multiplying this ratio by the pounds of copper and silver ounces produced or sold during that quarter.

Costs excluded from all-in sustaining costs are non-sustaining capital expenditures, non-sustaining lease payments and exploration costs, financing costs, tax expense, and transaction costs associated with mergers, acquisitions and divestitures, and any items that are deducted for the purposes of adjusted earnings.

Cash Costs and AISC per Gold Equivalent Ounce Reconciliation Tables

The following tables reconcile these non-GAAP measures to the most directly comparable IFRS measure on an aggregate and mine-by-mine basis.

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
CONSOLIDATED OPEX, CASH COST AND AISC RECONCILIATION				
Operating expenses	**97.3**	105.2	**339.9**	371.9
Gold equivalent ounces sold[1]	**122,139**	104,446	**428,370**	488,165
Operating expenses per gold equivalent ounce sold ($/ounce)	**799**	1,007	**794**	762
Operating expenses	**97.3**	105.2	**339.9**	371.9
Treatment and refining charges on concentrate sales	**5.1**	7.3	**19.7**	28.6
Adjustments[5]	**—**	(14.1)	**—**	(14.1)
Total cash costs	**102.4**	98.4	**359.6**	386.4
Gold equivalent ounces sold[1]	**122,139**	104,446	**428,370**	488,165
Total cash costs per gold equivalent ounce sold ($/ounce)	**841**	942	**840**	792
Sustaining capital expenditures[2][4]	**66.4**	87.6	**194.7**	214.7
Sustaining exploration - expensed	**0.2**	—	**0.2**	0.3
Sustaining leases	**2.7**	2.2	**10.8**	12.9
Corporate G&A including share-based compensation[3]	**7.5**	4.4	**21.5**	18.4
Reclamation expenses	**2.5**	1.8	**8.4**	6.6
Total all-in sustaining costs	**182.0**	194.4	**595.2**	639.3
Gold equivalent ounces sold[1]	**122,139**	104,446	**428,370**	488,165
All-in sustaining costs per gold equivalent ounce sold ($/ounce)	**1,491**	1,862	**1,389**	1,310

1. *Gold eq. ounces include silver ounces and copper ounces produced or sold converted to a gold eq. based on a ratio of $1,500 per gold ounce, $17.75 per silver ounce and $2.85 per copper pound. Throughout the year the Company reported gold equivalent ounces using a constant ratio of those prices.*
2. *See "Total Sustaining Capital Expenditures Reconciliation" to reconcile sustaining capital expenditures to mining interests per the statement of cash flows.*
3. *Includes the sum of corporate administration costs and share-based payment expense per the income statement, net of any non-cash depreciation within those figures.*
4. *Sustaining capital expenditures are net of proceeds from disposal of assets.*
5. *Adjustments in 2019 included the stockpile inventory write-down at Rainy River included in operating expenses.*

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
RAINY RIVER OPEX, CASH COSTS AND AISC RECONCILIATION				
Operating expenses	**62.4**	73.2	**213.2**	258.4
Gold equivalent ounces sold [1]	**72,279**	57,258	**235,416**	268,718
Operating expenses per unit of gold sold ($/ounce)	**864**	1,278	**906**	962
Operating expenses	**62.4**	73.2	**213.2**	258.4
Treatment and refining charges	**—**	—	**—**	0.1
Adjustments[4]	**—**	(14.1)	**—**	(14.1)
Total cash costs	**62.4**	59.1	**213.2**	244.4
Gold equivalent ounces sold	**72,279**	57,258	**235,416**	268,718
Total cash costs per gold equivalent ounce sold ($/ounce)	**864**	1,032	**906**	910
Sustaining capital expenditures[2][3]	**41.1**	77.0	**137.7**	176.5
Sustaining leases	**2.5**	2.0	**9.8**	12.2
Reclamation expenses	**2.0**	1.0	**6.9**	4.8
Total all-in sustaining costs	**108.0**	139.1	**367.6**	437.9
Gold equivalent ounces sold [1]	**72,279**	57,258	**235,416**	268,718
All-in sustaining costs per gold equivalent ounce sold ($/ounce)	**1,494**	2,429	**1,562**	1,630

1. *Gold eq. ounces include silver ounces and copper ounces produced or sold converted to a gold eq. based on a ratio of $1,500 per gold ounce and $17.75 per silver ounce. Throughout the year the Company reported gold equivalent ounces using a constant ratio of those prices.*
2. *See "Total Sustaining Capital Expenditures Reconciliation" to reconcile sustaining capital expenditures to mining interests per the statement of cash flows.*
3. *Sustaining capital expenditures are net of proceeds from disposal of assets.*
4. *Adjustments in the 2019 included the stockpile inventory write-down at Rainy River included in operating expenses.*

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
NEW AFTON OPEX, CASH COSTS AND AISC RECONCILIATION				
Operating expenses	**34.9**	32.0	**126.7**	113.5
Gold equivalent ounces sold [1]	**49,860**	47,188	**192,953**	219,447
Operating expenses per unit of gold sold ($/ounce)	**706**	678	**657**	517
Operating expenses	**34.9**	32.0	**126.7**	113.5
Treatment and refining charges on concentrate sales	**5.1**	7.3	**19.7**	28.5
Total cash costs	**40.0**	39.3	**146.4**	142.0
Gold equivalent ounces sold [1]	**49,860**	47,188	**192,953**	219,447
Total cash costs per gold equivalent ounce sold ($/ounce)	**808**	833	**759**	647
Sustaining capital expenditures[2]	**25.3**	10.6	**56.9**	37.7
Sustaining leases	**0.1**	0.1	**0.5**	0.3
Reclamation expenses	**0.5**	0.8	**1.5**	1.9
Total all-in sustaining costs	**65.9**	50.8	**205.2**	181.9
Gold equivalent ounces sold [1]	**49,860**	47,188	**192,953**	219,447
All-in sustaining costs per gold equivalent ounce sold ($/ounce)	**1,330**	1,076	**1,064**	829

1. *Gold eq. ounces include silver ounces and copper ounces produced or sold converted to a gold eq. based on a ratio of $1,500 per gold ounce, $17.75 per silver ounce and $2.85 per copper pound. Throughout the year the Company reported gold equivalent ounces using a constant ratio of those prices.*
2. *See "Total Sustaining Capital Expenditures Reconciliation" to reconcile sustaining capital expenditures to mining interests per the statement of cash flows reconcile sustaining capital expenditures to mining interests per the statement of cash flow.*

Sustaining Capital Expenditures Reconciliation Tables

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
TOTAL SUSTAINING CAPITAL EXPENDITURES				
Mining interests per statement of cash flows	**109.2**	102.3	**284.2**	253.3
New Afton growth capital expenditures[1]	**(39.9)**	(10.5)	**(77.1)**	(24.1)
Rainy River growth capital expenditures[1]	**(2.8)**	(0.1)	**(3.1)**	(6.8)
Blackwater growth capital expenditures	**—**	(1.7)	**(9.2)**	(5.1)
Sustaining capital expenditures	**66.5**	90.0	**194.8**	217.4

1. *Growth capital expenditures at New Afton in the current period and prior-year period relate to project advancement for the C-zone. Growth capital expenditures at Rainy River in the current year relates to underground development and prior period is primarily the purchase of underground infrastructure.*

Adjusted Net Earnings and Adjusted Net Earnings per Share

"Adjusted net earnings" and "adjusted net earnings per share" are non-GAAP financial measures with no standard meaning under IFRS which exclude the following from net earnings:

- Loss on repayment of long term debt
- Inventory write downs
- Items included in "Other gains and losses" as per Note 4 of the Company's consolidated financial statements; and
- Certain non-recurring items.

Net earnings have been adjusted, including the associated tax impact, for the group of costs in "Other gains and losses" on the condensed consolidated income statements. Key entries in this grouping are: the fair value changes for the gold stream obligation; fair value changes for the free cash flow interest obligation; the gold and copper option contracts; foreign exchange forward contracts; foreign exchange gain or loss, loss on disposal of assets and fair value changes in investments. The adjusted entries are also impacted for tax to the extent that the underlying entries are impacted for tax in the unadjusted net earnings.

The Company uses adjusted net earnings for its own internal purposes. Management's internal budgets and forecasts and public guidance do not reflect the items which have been excluded from the determination of adjusted net earnings. Consequently, the presentation of adjusted net earnings enables shareholders to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies. Adjusted net earnings are intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. The following table reconciles this non-GAAP measure to the most directly comparable IFRS measure.

	Three months ended December 31				Year ended December 31
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**	**2018**
ADJUSTED NET LOSS RECONCILIATION					
Loss before taxes	**(16.0)**	(6.3)	**(75.0)**	(73.9)	(1,096.0)
Other losses (gains)[1]	**26.5**	(45.0)	**78.3**	5.6	(18.1)
Loss on repayment of long term debt	**16.8**	0.6	**23.3**	1.2	—
Asset impairment	**—**	—	**—**	—	1,054.8
Inventory write-down	**—**	19.8	**—**	19.8	16.9
Corporate restructuring	**—**	1.1	**—**	1.1	4.1
Adjusted net earnings (loss) before taxes	**27.3**	(29.8)	**26.6**	(46.2)	(38.3)
Income tax (expense) recovery	**(5.1)**	6.6	**(4.3)**	0.4	10.4
Income tax adjustments	**5.7**	(4.8)	**(3.1)**	(1.4)	2.5
Adjusted income tax recovery (expense)	**0.6**	1.8	**(7.4)**	(1.0)	12.9
Adjusted net earnings (loss)	**27.9**	(28.0)	**19.2**	(47.2)	(25.4)
Adjusted earnings (loss) per share (basic and diluted)	**0.04**	(0.04)	**0.03**	(0.08)	(0.04)

1. Please refer to Note 4 of the Company's consolidated financial statements for a detailed breakdown of other gains and losses.

Operating Cash Flows Generated from Operations, before Changes in Non-Cash Operating Working Capital

"Operating cash flows generated from operations, before changes in non-cash operating working capital" is a non-GAAP financial measure with no standard meaning under IFRS, which excludes changes in non-cash operating working capital. Management uses this measure to evaluate the Company's ability to generate cash from its operations before temporary working capital changes.

Operating cash flows generated from operations, before non-cash changes in working capital is intended to provide additional information only and does not have any standardized meaning under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies.

	Three months ended December 31				Year ended December 31
(in millions of U.S. dollars)	**2020**	**2019**	**2020**	**2019**	**2018**
CASH RECONCILIATION					
Cash generated from operations	**98.4**	47.9	**294.8**	263.5	193.0
Add back (deduct): Change in non-cash operating working capital	**(3.5)**	(9.1)	**(16.2)**	(25.9)	71.6
Cash generated from operations before changes in non-cash operating working capital	**94.9**	38.8	**278.6**	237.6	264.6

Operating Margin

"Operating margin" is a non-GAAP financial measure with no standard meaning under IFRS, which management uses to evaluate the Company's aggregated and mine-by-mine contribution to net earnings before non-cash depreciation and depletion charges. Operating margin is calculated as revenue less operating expenses and therefore does not include depreciation and depletion. Operating margin is intended to provide additional information only and does not have any standardized meaning under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies. The following tables reconcile this non-GAAP measure to the most directly comparable IFRS measure on an aggregated and mine-by-mine basis.

Operating Margin Reconciliation Tables

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**	**2020**	**2019**
TOTAL OPERATING MARGIN				
Revenue	**198.9**	139.2	**643.4**	630.6
Less: Operating expenses	**97.3**	105.2	**339.9**	371.9
Total operating margin	**101.6**	34.0	**303.5**	258.7

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**	**2020**	**2019**
RAINY RIVER OPERATING MARGIN				
Revenue	**118.1**	78.4	**368.7**	358.9
Less: Operating expenses	**62.4**	73.2	**213.2**	258.4
Rainy River operating margin	**55.7**	5.2	**155.5**	100.5

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**	**2020**	**2019**
NEW AFTON OPERATING MARGIN				
Revenue	**80.8**	60.8	**274.7**	271.7
Less: Operating expenses	**34.9**	32.0	**126.7**	113.5
New Afton operating margin	**45.9**	28.8	**148.0**	158.2

Average Realized Price

"Average realized price per ounce of gold sold" is a non-GAAP financial measure with no standard meaning under IFRS. Management uses this measure to better understand the price realized in each reporting period for gold sales. Average realized price is intended to provide additional information only and does not have any standardized meaning under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies. The following tables reconcile this non-GAAP measure to the most directly comparable IFRS measure on an aggregate and mine-by-mine basis.

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
TOTAL AVERAGE REALIZED PRICE				
Revenue from gold sales	**138.8**	95.8	**449.3**	434.4
Treatment and refining charges on gold concentrate sales	**1.5**	2.1	**6.3**	8.3
Gross revenue from gold sales	**140.3**	97.9	**455.6**	442.7
Gold ounces sold	**86,491**	71,691	**291,877**	331,053
Total average realized price per gold ounce sold ($/ounce)	**1,623**	1,366	**1,559**	1,337

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
RAINY RIVER AVERAGE REALIZED PRICE				
Revenue from gold sales	**114.8**	77.1	**360.7**	354.4
Gold ounces sold	**70,675**	56,390	**231,112**	265,359
Rainy River average realized price per gold ounce sold ($/ounce)	**1,624**	1,366	**1,561**	1,335

	Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, except where noted)	**2020**	**2019**	**2020**	**2019**
NEW AFTON AVERAGE REALIZED PRICE				
Revenue from gold sales	**24.1**	18.7	**88.6**	80.2
Treatment and refining charges on gold concentrate sales	**1.5**	2.1	**6.3**	8.3
Gross revenue from gold sales	**25.6**	20.8	**94.9**	88.5
Gold ounces sold	**15,817**	15,301	**60,765**	65,694
New Afton average realized price per gold ounce sold ($/ounce)	**1,621**	1,364	**1,553**	1,348

ENTERPRISE RISK MANAGEMENT AND RISK FACTORS

The Company is subject to various financial and other risks that could materially adversely affect the Company's future business, operations and financial condition. The following is a summary of certain risks facing the Company. For a more comprehensive discussion of these and other risks facing Company, please refer to the section entitled "Risk Factors" in the Company's most recent Annual Information Form filed on SEDAR at www.sedar.com.

Financial Risk Management

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to the Company's financial instruments fails to meet its contractual obligations. The Company's financial assets are primarily composed of cash and cash equivalents, and trade and other receivables. Credit risk is primarily associated with trade and other receivables; however, it also arises on cash and cash equivalents, gold and copper price options, and foreign exchange forward contracts. To mitigate exposure to credit risk, the Company has established policies to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable credit worthiness, and to ensure liquidity of available funds.

The Company closely monitors its financial assets and does not have any significant concentration of credit risk. The Company sells its gold exclusively to large international organizations with strong credit ratings. The historical level of customer defaults is minimal and, as a result, the credit risk associated with gold and copper concentrate trade receivables at December 31, 2020 is not considered to be high.

The Company's maximum exposure to credit risk is as follows:

	Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
CREDIT RISK EXPOSURE		
Cash and cash equivalents	**186.3**	83.4
Trade and other receivables	**77.1**	23.7
Total financial instrument exposure to credit risk	**263.4**	107.1

A significant portion of the Company's cash and cash equivalents is held in large Canadian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian banks with high investment-grade ratings and the governments of Canada and the U.S.

The Company employs a restrictive investment policy as detailed in the capital risk management section of the consolidated financial statements, which is described in Note 20.

The aging of trade and other receivables is as follows:

						As at December 31	
(in millions of U.S. dollars)	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	2020 Total	2019 Total
AGING TRADE AND OTHER RECEIVABLES							
Rainy River	9.5	—	—	—	0.9	**10.4**	5.5
New Afton	5.2	1.3	—	2.9	—	**9.4**	6.3
Cerro San Pedro	0.4	0.1	0.1	0.1	1.6	**2.3**	1.4
Corporate[1]	15.7	—	—	—	39.3	**55.0**	10.2
Other	—	—	—	—	—	**—**	0.3
Total trade and other receivables	30.8	1.4	0.1	3.0	41.8	**77.1**	23.7

1. Corporate over 120 days includes proceeds receivable from the sale of Blackwater

The Company sells its gold and copper concentrate production from New Afton to t hree different customers under off-take contracts.

The Company is not economically dependent on a limited number of customers for the sale of its gold and other metals because gold and other metals can be sold through numerous commodity market traders worldwide.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 21 of the consolidated financial statements.

The following table shows the contractual maturities of debt commitments. The amounts presented represent the future undiscounted principal and interest cash flows, and therefore, do not equate to the carrying amounts on the consolidated statements of financial position.

					As at December 31	
(in millions of U.S. dollars)	< 1 year	1-3 years	4-5 years	After 5 years	2020 Total	2019 Total
DEBT COMMITMENTS						
Trade and other payables	109.2	—	—	—	**109.2**	150.0
Long-term debt	—	—	100.0	400.0	**500.0**	730.3
Interest payable on long-term debt	36.4	72.8	69.6	60.0	**238.8**	174.7
New Afton free cash flow interest obligation	4.6	36.9	98.9	401.5	**541.8**	—
Gold stream obligation	32.2	67.1	63.8	55.9	**219.0**	192.7
Total debt commitments	182.4	176.8	332.3	917.4	**1,608.8**	1,247.7

The Company's future operating cash flow and cash position are highly dependent on metal prices, including gold and copper, as well as other factors. Taking into consideration the Company's current cash position, volatile equity markets, and global uncertainty in the capital markets, the Company is continually reviewing expenditures and assessing business opportunities to enhance liquidity in order to ensure adequate liquidity and flexibility to support its growth strategy, while continuing production at its current

operations. A period of continuous low gold and copper prices may necessitate the deferral of capital expenditures which may impact the timing of development work and project completion, as well as production from mining operations. In addition, in such a price environment, the Company may be required to adopt one or more alternatives to increase liquidity.

(c) Currency risk

The Company operates in Canada and Mexico. As a result, the Company has foreign currency exposure with respect to items not denominated in U.S. dollars. The three main types of foreign exchange risk for the Company can be categorized as follows:

(i) Transaction exposure

The Company's operations sell commodities and incur costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. This risk is partially mitigated by the foreign exchange forward contracts entered in the first quarter of 2020.

(ii) Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, investments, accounts receivable, accounts payable and accruals, reclamation and closure cost obligations.

The currencies of the Company's financial instruments and other foreign currency denominated liabilities, based on notional amounts, were as follows:

	As at December 31, 2020	
(in millions of U.S. dollars)	**CAD**	**MXN**
EXPOSURE TO CURRENCY RISK		
Cash and cash equivalents	**34.6**	**0.1**
Trade and other receivables	**53.5**	**1.6**
Income tax (payable) receivable	**(0.7)**	**4.1**
Trade and other payables	**(80.1)**	**(6.5)**
Deferred tax liability	**(53.5)**	**—**
Reclamation and closure cost obligations	**(113.3)**	**(0.3)**
Share units	**(10.9)**	**—**
Total exposure to currency risk	**(170.4)**	**(1.0)**

	As at December 31, 2019	
(in millions of U.S. dollars)	**CAD**	**MXN**
EXPOSURE TO CURRENCY RISK		
Cash and cash equivalents	11.0	0.3
Trade and other receivables	7.0	0.9
Income tax receivable	(0.3)	4.6
Trade and other payables	(86.8)	(13.5)
Deferred tax liability	(48.3)	—
Reclamation and closure cost obligations	(93.3)	(1.4)
Performance share units and restricted share units	(1.9)	—
Total exposure to currency risk	(212.6)	(9.1)

(iii) Translation exposure

The Company's functional and reporting currency is U.S. dollars. The Company's operations translate their operating results from the host currency to U.S. dollars. Therefore, exchange rate movements in the Canadian dollar and Mexican peso can have a significant impact on the Company's consolidated operating results. A 10% strengthening (weakening) of the U.S. dollar against the following currencies would have decreased (increased) the Company's net loss from the financial instruments presented by the amounts shown below.

	As at Year ended December 31	
(in millions of U.S. dollars)	**2020**	**2019**
IMPACT OF 10% CHANGE IN FOREIGN EXCHANGE RATES		
Canadian dollar	**17.0**	**21.3**
Mexican peso	**0.1**	**0.9**

(d) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's outstanding debt obligations are fixed and are therefore not exposed to changes in market interest rates.

The Company is exposed to interest rate risk on its cash and cash equivalents. Interest earned on cash and cash equivalents is based on prevailing money market and bank account interest rates which may fluctuate. A 1.0% change in the interest rate would result in a difference of approximately $1.9 million in interest earned by the Company for the year ended December 31, 2020. The Company has not entered into any derivative contracts to manage this risk.

(e) Metal and Input Price Risk

The Company's earnings, cash flows and financial condition are subject to price risk due to fluctuations in the market price of gold and copper.

For the year ended December 31, 2020, the Company's revenue and cash flows were impacted by gold prices and copper prices. Metal price declines could cause continued development of, and production from, the Company's properties to be uneconomic. There is a time lag between the shipment of gold and copper concentrate and final pricing, and changes in pricing can impact the Company's revenue and working capital position. The Company's exposure to changes in gold and copper prices have been significantly reduced as the Company had entered into gold and copper price option contracts (whereby it

sold a series of call option contracts and purchased a series of put option contracts) to reduce exposure to changes in gold and copper prices. At the end of 2020 all gold option contracts have expired and the Company is now fully exposed to current gold prices, as outlined in Note 21 of the consolidated financial statements.

Reserve calculations and mine plans using significantly lower gold, silver, and copper prices could result in significant reductions in mineral reserve and resource estimates and revisions in the Company's life-of-mine plans, which in turn could result in material write-downs of its investments in mining properties and increased depletion, reclamation and closure charges. Depending on the price of gold or other metals, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site. Metal price fluctuations also create adjustments to the provisional prices of sales made in previous periods that have not yet been subject to final pricing, and these adjustments could have an adverse impact on the Company's financial results and financial condition. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition.

The Company is also subject to price risk for fluctuations in the cost of energy, principally electricity and purchased petroleum products. The Company's costs are affected by the prices of commodities and other inputs it consumes or uses in its operations. The prices of such commodities and inputs are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Company's control. Increases in the price for materials consumed in the Company's mining and production activities could materially adversely affect its results of operations and financial condition.

An increase in gold and copper prices would decrease the Company's net loss whereas an increase in fuel and electricity prices would increase the Company's net loss. A 10% change in commodity prices and fuel and electricity prices would impact the Company's net earnings before taxes and other comprehensive income before taxes as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
(in millions of U.S. dollars)	**Net Loss**	**Net Loss**
IMPACT OF 10% CHANGE IN COMMODITY PRICES		
Gold price	**21.9**	19.0
Copper price	**19.5**	20.7
Fuel and electricity price	**3.9**	7.0

Other Risks

COVID-19

The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. New variants of COVID-19 such as those originating in the United Kingdom, South Africa and Brazil may lead to greater transmission and more negative health effects than the original form of the virus. The full extent of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in

commodity prices (including gold) and has raised the prospect of an extended global recession. Efforts to fight the COVID-19 pandemic have been taken by national and local governments and businesses that have had significant impact on the economy and on individual businesses, including New Gold. There was a temporary two-week shutdown of the Rainy River Mine from March 20 to April 2, 2020 to allow the local workforce to complete a 14-day period of self-isolation recommended by the Canadian government after travel outside of Canada, as frequent border crossings to the United States are a common practice in the region near the mine. On April 3, 2020, operations resumed using a local workforce with operations gradually ramping up (please refer to the Company's April 3, 2020 press release for further information). Both the British Columbia and Ontario provincial governments ordered non-essential businesses to close or restrict operations to help stop the spread of COVID-19. As of the date of this MD&A, New Gold's operations fit within the current list of essential businesses related to these orders. However, there is no guarantee that New Gold's operations will not be suspended or shut-down, in whole or in part, in the future as a result of revisions to the list of essential businesses or other orders made by the provinces of Ontario, British Columbia or both as the COVID-19 pandemic progresses. The Company has currently implemented measures to prevent the spread of COVID-19 and these measures have impacted the Company's productivity and may continue to do so in the future. Canadian and provincial governments, as well as other relevant jurisdictions may introduce new, or modify existing, laws, regulations, orders or other measures that could impact our ability to operate or affect the actions of our suppliers or customers. For example, short term delays in thickener construction, part of the TAT project at New Afton, have been experienced by the manufacturer due to COVID-19. The responses of the Canadian and provincial governments, as well as other relevant jurisdictions may be insufficient to contain the impact of the COVID-19 pandemic and this could also impact our employees, suppliers, customers, local communities and other stakeholders, which could impact our ability to operate. The COVID-19 pandemic and responses to it may also lead to an economic recession or downturn as a result of the COVID-19 outbreak that materially adversely affects the Company's operations or liquidity position. The Company has implemented strict detection and prevention protocols to reduce the spread of the virus at its sites and within local communities. However, despite these protocols, employees and contractors may test positive for COVID-19 and this may impact the health of the Company's workforce and also impact the health of the surrounding community, which may limit or suspend the Company's operations where COVID-19 cases occur. If such a suspension or shut-down occurs, or if production is reduced due to COVID-19 related restrictions, it may have a material impact on our profitability.

Production Estimates

Forecasts of future production are estimates based on interpretation and assumptions, and actual production may be less than estimated. The Company's production forecasts are based on full production being achieved at all of its mines. The Company's ability to achieve and maintain full production rates at these mines is subject to a number of risks and uncertainties. The Company's production estimates are dependent on, among other things, the accuracy of Mineral Reserve and Mineral Resource estimates, the accuracy of its life of mine plans, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions, physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing and mill availability, and the receipt and maintenance of permits. The Company's actual production may vary from its estimates for a variety of reasons, including, those identified under the heading "Operating Risks" below. The failure of the Company to achieve its production estimates could have a material adverse effect on the Company's prospects, results of operations and financial condition.

Cost Estimates

The Company prepares estimates of operating costs, capital costs and closure costs for each operation and project. The Company's actual costs are dependent on a number of factors, including the exchange rate between the United States dollar and the Canadian dollar, smelting and refining charges, penalty elements in concentrates, royalties, the price of gold and byproduct metals, the cost of inputs used in mining operations and events that impact production levels.

Construction Risks

As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Construction costs and timelines can be impacted by a wide variety of factors, many of which are beyond the control of the Company. These include, but are not limited to, weather conditions, ground conditions, performance of the mining fleet and availability of appropriate rock and other material required for construction, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates and availability of accommodations for the workforce.

Project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a project. The timeline to obtain these government approvals is often beyond the control of the Company. A delay in start-up or commercial production would increase capital costs and delay receipt of revenues.

The New Afton C-zone and B3 is currently in the construction stage of its development. Given the inherent risks and uncertainties associated with the development of a new mine, there can be no assurance that the construction will continue in accordance with current expectations or at all, or that construction costs will be consistent with the budget, or that the mine will operate as planned.

Government Regulation

The mining, processing, development, exploration and reclamation and closure activities of the Company are subject to various laws governing prospecting, development, production, exports, imports, taxes, labour standards and occupational health and safety, mine safety, toxic substances, waste disposal, environmental protection and remediation, protection of endangered and protected species, land use, water use, land claims of local people, relations with local First Nations and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have an adverse effect on the Company's financial position and results of operations. Amendments to current laws, regulations and permits governing operations or development activities and activities of mining and exploration companies, or more stringent or different implementation, could have a material adverse impact on the Company's results of operations or financial position, or could require abandonment or delays in the development of new mining properties or the suspension or curtailment of operations at existing mines. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against the Company, including orders issued by regulatory or judicial authorities causing operations or development activities to cease or be curtailed or suspended, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions (see also "Permitting" below). The Company could be forced to compensate those suffering loss or damage by reason of its mining operations or

exploration or development activities and could face civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Any such regulatory or judicial action could materially increase the Company's operating costs and delay or curtail or otherwise negatively impact the Company's operations and other activities.

Permitting

The Company's operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals (collectively, "permits") from appropriate governmental authorities. Before any development on any of its properties the Company must receive numerous permits, and continued operations at the Company's mines is also dependent on maintaining and renewing required permits or obtaining additional permits.

New Gold may be unable to obtain on a timely basis or maintain in the future all necessary permits required to explore and develop its properties, commence construction or operation of mining facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for the Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action. New Gold is currently anticipating receiving permits for the B3 and C-zone developments.

In the past there have been challenges to the Company's permits that were temporarily successful as well as delays in the renewal of certain permits or receiving additional required permits. There can be no assurance that the Company will receive or continue to hold all permits necessary to develop or continue operating at any particular property or to pursue the Company's exploration activities. To the extent that required permits cannot be obtained or maintained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties. Even if permits or renewals are available, the terms of such permits may be unattractive to the Company and result in the applicable operations or activities being financially unattractive or uneconomic. An inability to obtain or maintain permits or to conduct mining operations pursuant to applicable permits would materially reduce the Company's production and cash flow and could undermine its profitability.

Dependence on the Rainy River and New Afton mines

The Company's operations at the Rainy River and New Afton mines are expected to account for substantially all of the Company's gold and copper production in 2021. Any adverse condition affecting mining or milling conditions at the Rainy River mine or New Afton mine could have a material adverse effect on the Company's financial performance and results of operations.
Unless the Company acquires or develops other significant gold-producing assets, the Company will continue to be dependent on its operations at the Rainy River and New Afton mines for a substantial portion of its cash flow provided by operating activities.

Operating Risks

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, copper and silver including unusual and unexpected geologic formations, seismic activity, rock bursts, rock slides, mud rush, cave-ins, slope or pit wall failures, flooding, fire, metal losses, periodic interruption due to inclement or hazardous weather conditions and other conditions that would impact the drilling and

removal of material. Block caving activities, including at New Afton, generally result in surface subsidence. The configuration of subsidence expression at surface is thought to be influenced by bedrock and structural geologic feature such as weaker rock mass or faults. The subsidence is being monitored and evaluated on an ongoing basis. Surface subsidence or any of the above hazards and risks could result in reduced production, damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. In addition, production may be adversely impacted by operational problems such as a failure of a production hoist, filter press, SAG mill or other equipment, or industrial accidents, as well as other potential issues such as actual ore mined varying from estimates of grade or tonnage, dilution, block cave performance and metallurgical or other characteristics, significant increases or decreases in precipitation an over or under supply of water, interruptions in electrical power, shortages of required inputs, labour shortages or strikes, restrictions or regulations imposed by government agencies or changes in the regulatory environment. The Company's milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. In addition, short-term operating factors, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period. The occurrence of one or more of these events may result in the death of, or personal injury to, employees, other personnel or third parties, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, deferral or unanticipated fluctuations in production, suspension, curtailment or termination of operations, environmental damage and potential legal liabilities, any of which may adversely affect the Company's business, reputation, prospects, results of operations and financial condition.

Risks Related to Further Processing

The Company's operations produce concentrate, doré or other products that are not refined metals ("Unrefined Product") and generally require further processing at a smelter and/or a refinery to become marketable metal. Such Unrefined Product contains metals and other elements that require removal, some of which may limit the smelters or brokers who can or will purchase or process the Unrefined Product and the refineries who will process the Unrefined Product, or negatively impact the terms of such purchase or processing arrangements. Treatment and refining charges are also subject to fluctuations, which could negatively impact the Company's revenue or expenses.

In addition, the Company is generally responsible for transporting Unrefined Products either to the smelter or refinery or to a designated point where risk of loss is transferred. The Company is exposed to risks related to the cost and availability of transportation and storage facilities associated with Unrefined Product, and the Company may not be able to make alternative transportation or storage arrangements on reasonable commercial terms or at all. The Company is dependent on the Port of Vancouver for the storage and transportation of all concentrate from New Afton; in the event the Port of Vancouver is closed, there is no commercial alternative port available. There can be no assurance that the Company will be able to continue to sell and process its Unrefined Product, including the related transportation and storage, on reasonable commercial terms or at all.

Exploration and Development Risks

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into

producing mines. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Major expenses may be required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company or any of its partners will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, including but not limited to: the particular attributes of the deposit, such as accuracy of estimated size, continuity of mineralization, average grade and metallurgical characteristics (see “Uncertainty in the Estimation of Mineral Reserves and Mineral Resources” below); proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company being unable to receive an adequate return on invested capital.

Development projects are uncertain and capital cost estimates, project development timelines, production rates, recovery rates, mine life and other operating parameters and economic returns may differ significantly from those estimated for a project. Short term delays in thickener construction, part of the TAT project at New Afton, have been experienced by the manufacturer due to COVID-19. Development projects rely on the accuracy of predicted factors including capital and operating costs, metallurgical recoveries, reserve estimates and future metal prices. Development projects also rely on diligent capital management to prevent overspending. In addition, there can be no assurance that gold, silver or copper recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

At New Afton, the Company is developing the B3 and C-zones. The Company may engage in other development and expansion activities at its operating mines from time to time. Expansion projects, including development and expansions of facilities and extensions to new ore bodies or new portions of existing ore bodies, can have risks and uncertainties similar to development projects.

A project is subject to numerous risks during development including, but not limited to, the accuracy of feasibility studies, obtaining and complying with required permits, changes in environmental or other government regulations, securing all necessary surface and land tenure rights,engaging with First Nations and other Indigenous groups and financing risks. In particular, the Company is actively engaged with First Nations in connection with the New Afton C-zone expansion in British Columbia. This engagement or future engagement may be impacted by the British Columbia Declaration on the Rights of Indigenous Peoples Act. Unforeseen circumstances, including those related to the amount and nature of the mineralization at the development site, technological impediments to extraction and processing, legal challenges or restrictions or governmental intervention, infrastructure limitations, environmental issues, unexpected ground conditions or other unforeseen development challenges, commodity prices, disputes with local communities or other events, could result in one or more of New Gold’s planned developments becoming impractical or uneconomic to complete. Any such occurrence could have an adverse impact on New Gold’s growth, financial condition and results of operations. There can be no assurance that the Company’s expansion and development projects will continue in accordance with current expectations or at all. See also “Permitting” above.

Financing Risks

The Company's mining, processing, development and exploration activities may require additional external financing. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company. If raised by offering equity securities or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. If raised through asset sales, such sales may not be at favorable terms for the Company, may reduce the assets and future economic performance of the Company. Failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development, construction or production on any or all of the Company's mineral properties. The cost and terms of such financing may significantly reduce the expected benefits from new developments and/or render such developments uneconomic.

Need for Additional Mineral Reserves and Mineral Resources

Because mines have limited lives based on Proven and Probable Mineral Reserves, the Company continually seeks to replace and expand its Mineral Reserves and Mineral Resources. The Company's ability to maintain or increase its annual production of gold, copper and silver depends in significant part on its ability to find or acquire new Mineral Reserves and Mineral Resources and bring new mines into production, and to expand Mineral Reserves and Mineral Resources at existing mines. Exploration is inherently speculative. New Gold's exploration projects involve many risks and exploration is frequently unsuccessful. See "Exploration and Development Risks" above. There is a risk that depletion of Mineral Reserves will not be offset by discoveries or acquisitions. The mineral base of New Gold may decline if Mineral Reserves are mined without adequate replacement.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

Mineral Reserves and Mineral Resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves can be mined or processed profitably. Mineral Reserve and Mineral Resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other risks and relevant issues. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work, drilling or actual production experience.

Fluctuations in gold, copper and silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of Mineral Reserve and Mineral Resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render Mineral Reserves and Mineral Resources containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's Mineral Reserves and Mineral Resources. Mineral Resource estimates for properties that have not commenced production or at deposits that have not yet been exploited are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such Mineral Resource estimates may require revision as more geologic and drilling information becomes

available and as actual production experience is gained. Should reductions in Mineral Resources or Mineral Reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in reduced net income or increased net losses and reduced cash flow. Mineral Resources and Mineral Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of Mineral Resources and Mineral Reserves and corresponding grades being mined and, as a result, the volume and grade of Reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Mineral Reserves and Mineral Resources, or of the Company's ability to extract these Mineral Reserves and Mineral Resources, could have a material adverse effect on the Company's projects, results of operations and financial condition.

Mineral Resources are not Mineral Reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that Mineral Resources will be upgraded to Proven or Probable Mineral Reserves.

Impairment

On a quarterly basis, the Company reviews and evaluates its mining interests for indicators of impairment. Impairment assessments are conducted at the level of cash-generating units ("CGUs"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each operating mine represents a separate CGU. If an indication of impairment exists, the recoverable amount of the CGU is estimated. An impairment loss is recognized when the carrying amount of the CGU is in excess of its recoverable amount. The assessment for impairment is subjective and requires management to make significant judgments and assumptions in respect of a number of factors, including estimates of production levels, operating costs and capital expenditures reflected in New Gold's life-of-mine plans, the value of in-situ ounces, exploration potential and land holdings, as well as economic factors beyond management's control, such as gold, copper and silver prices, discount rates, foreign exchange rates, and observable net asset value multiples. It is possible that the actual fair value could be significantly different from those estimates. In addition, should management's estimate of the future not reflect actual events, further impairment charges may materialize, and the timing and amount of such impairment charges is difficult to predict.

Title Claims and Rights of Indigenous Peoples

Certain of New Gold's properties may be subject to the rights or the asserted rights of various community stakeholders, including First Nations and other Aboriginal peoples. The presence of community stakeholders may impact the Company's ability to develop or operate its mining properties and its projects or to conduct exploration activities. Accordingly, the Company is subject to the risk that one or more groups may oppose the continued operation, further development or new development or exploration of the Company's current or future mining properties and projects. Such opposition may be directed through legal or administrative proceedings, or through protests or other campaigns against the Company's activities.

Governments in many jurisdictions must consult with, or require the Company to consult with, indigenous peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations. In British Columbia, the provincial government has enacted the Declaration on the Rights of Indigenous

Peoples Act, which may affect consultation requirements in that jurisdiction. The Canadian federal government is also considering similar legislation. Consultation and other rights of Indigenous peoples may require accommodation including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time frame effective mineral titles, permits or licenses in these jurisdictions, including in some parts of Canada and Mexico in which title or other rights are claimed by Indigenous peoples, and may affect the timetable and costs of development and operation of mineral properties in these jurisdictions. The risk of unforeseen title claims by indigenous peoples also could affect existing operations as well as development projects. These legal requirements may also affect the Company's ability to expand or transfer existing operations or to develop new projects.

Environmental Risk

The Company is subject to environmental regulation in Canada and Mexico where it operates or has exploration or development activities. In addition, the Company will be subject to environmental regulation in any other jurisdictions in which it may operate or have exploration or development properties. These regulations address, among other things, endangered and protected species, emissions, noise, air and water quality standards, land use and reclamation. They also set out limitations on the generation, transportation, storage and disposal of solid, liquid and hazardous waste.

Environmental legislation is evolving in a manner, which will involve, in certain jurisdictions, stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. No certainty exists that future changes in environmental regulation, or the application of such regulations, if any, will not adversely affect the Company's operations or development properties or exploration activities. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and results from operations. Environmental hazards may exist on the Company's properties which are unknown to management at present and which have been caused by previous owners or operators of the properties. Changes in weather conditions can also cause environmental hazards, such as increased precipitation leading to a heightened risk of environmental incidents and need for water management mitigation. Increased precipitation can also affect compliance with environmental regulations and affect operations. In addition, measures taken to address and mitigate known environmental hazards or risks may not be fully successful, and such hazards or risks may materialize.

New Gold may also acquire properties with known or undiscovered environmental risks. Any indemnification from the entity from which the Company acquires such properties may not be adequate to pay all the fines, penalties and costs (such as clean-up and restoration costs) incurred related to such properties. New Afton has also been used for mining and related operations for many years before the Company acquired it and was acquired as is or with assumed environmental liabilities from previous owners or operators. The Company has been required to address contamination at its properties in the past and may need to continue to do so in the future, either for existing environmental conditions or for leaks, discharges or contamination that may arise from its ongoing operations or other contingencies. The cost of addressing environmental conditions or risks, and liabilities associated with environmental damage, may be significant, and could have a material adverse effect on the Company's business, prospects, results of operations and financial condition. Production at New Gold's mines involves the use

of various chemicals, including certain chemicals that are designated as hazardous substances. Contamination from hazardous substances, either at the Company's own properties or other locations for which it may be responsible, may subject the Company to liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources. The occurrence of any of these adverse events could have a material adverse effect on the Company's prospects, results of operations and financial position.

Production at certain of the Company's mines involves or has involved the use of sodium cyanide which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, the Company may become subject to liability for cleanup work that may not be insured, in addition to liability for any damage caused. Such liability could be material.

Insurance and Uninsured Risks

New Gold's business is subject to a number of risks and hazards generally including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope or wall failures, cave-ins, metallurgical or other processing problems, fires, operational problems, changes in the regulatory environment and natural phenomena, such as inclement weather conditions, floods, hurricanes and earthquakes. Such occurrences could result in damage to mineral properties or production facilities or other property, personal injury or death, environmental damage to its properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, such insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available on acceptable terms or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration, development and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. New Gold may also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect on results of operations and financial condition.

Reclamation Costs

The Company's operations are subject to reclamation plans that establish its obligations to reclaim properties after minerals have been mined from a site. These obligations represent significant future costs for the Company. Reclamation bonds or other forms of financial assurance are often required to secure reclamation activities. Governing authorities require companies to periodically recalculate the amount of a reclamation bond and may require bond amounts to be increased. It may be necessary to revise the planned reclamation expenditures and the operating plan for a mine in order to fund an increase to a reclamation bond. In addition, reclamation bonds are generally issued through surety bonds or under the Company's credit facilities; increases in the amount of reclamation bonds may decrease the amount of the Credit Facility available for other purposes. Reclamation bonds may represent only a portion of the total amount of money that will be spent on reclamation over the life of a mine operation. The actual costs of reclamation set out in mine plans are estimates only and may not represent the actual amounts that will

be required to complete all reclamation activity. If actual costs are significantly higher than the Company's estimates, then its results of operations and financial position could be materially adversely affected.

Debt and Liquidity Risk

As of December 31, 2020, the Company had long-term debt comprising of two series of notes having an aggregate face value of $500 million. In addition, the Company has a $350 million Credit Facility. The Company's ability to make scheduled payments of the principal of, to pay interest on or to refinance its indebtedness depends on the Company's future performance, which is subject to economic, financial, competitive and other factors many of which are not under the control of New Gold. The Company is exposed to interest rate risk on variable rate debt, if any. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, including, among others, debt repayments, interest payments and contractual commitments.

The Company may not continue to generate cash flow from operations in the future sufficient to service its debt and make necessary or planned capital expenditures. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, borrowing additional funds, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to borrow additional funds or refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations. In addition, if New Gold is unable to maintain its indebtedness and financial ratios at levels acceptable to its credit rating agencies, or should New Gold's business prospects deteriorate, the ratings currently assigned to New Gold by Moody's Investor Services and Standard & Poor's Ratings Services could be downgraded, which could adversely affect the value of New Gold's outstanding securities and existing debt and its ability to obtain new financing on favourable terms, and increase New Gold's borrowing costs.

If the Company's cash flow and other sources of liquidity are not sufficient to continue operations and make necessary and planned capital expenditures, the Company may cancel or defer capital expenditures and/or suspend or curtail operations. Such an action may impact production at mining operations and/or the timelines and cost associated with development projects, which could have a material adverse effect on the Company's prospects, results from operations and financial condition.

The terms of the Company's Credit Facility and stream agreement with Royal Gold require the Company to satisfy various affirmative and negative covenants and to meet certain financial ratios and tests. In addition, the terms of the Company's 2025 Unsecured Notes and 2027 Unsecured Notes require the Company to satisfy various affirmative and negative covenants. These covenants limit, among other things, the Company's ability to incur indebtedness, create certain liens on assets or engage in certain types of transactions. There are no assurances that in future, the Company will not, as a result of these covenants, be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Furthermore, a failure to comply with these covenants, including, in the case of the Credit Facility and stream agreement with Royal Gold, a failure to meet the financial tests or ratios, would likely result in an event of default under the Credit Facility and/or the 2025 Unsecured Notes and/or the 2027 Unsecured Notes and/or stream agreement and would allow the lenders or noteholders or other contractual counterparty, as the case may be, to accelerate the debt or other obligations as the case may be.

Litigation and Dispute Resolution

From time to time New Gold is subject to legal claims, with and without merit. These claims may commence informally and reach a commercial settlement or may progress to a more formal dispute resolution process. The causes of potential future claims cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. In particular, the complex activities and significant expenditures associated with construction activities may lead to various claims, some of which may be material. Defense and settlement costs may be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Company's future cash flows, results of operations or financial condition.

Title Risks

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interest, including prior unregistered liens, agreements, transfers, royalties or claims, including Aboriginal land claims, and title may be affected by, among other things, undetected defects. In some cases, title to mineral rights and surface rights has been divided, and the Company may hold only surface rights or only mineral rights over a particular property, which can lead to potential conflict with the holder of the other rights. As a result of these issues, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties or the economics of is mineral properties may be impacted. An impairment to or defect in the Company's title to its properties or a dispute regarding property or other related rights could have a material adverse effect on the Company's business, financial condition or results of operations.

Hedging Risks

From time to time the Company uses or may use certain derivative products to hedge or manage the risks associated with changes in gold prices, silver prices, copper prices, interest rates, foreign currency exchange rates and energy prices. The use of derivative instruments involves certain inherent risks including, among other things: (i) credit risk – the risk of an unexpected loss arising if a counterparty with which the Company has entered into transactions fails to meet its contractual obligations; (ii) market liquidity risk – the risk that the Company has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; and (iii) unrealized mark-to-market risk – the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies or interest rates will result in the Company incurring an unrealized mark-to-market loss in respect of such derivative products.

There is no assurance that any hedging program or transactions which may be adopted or utilized by New Gold designed to reduce the risk associated with changes in gold prices, silver prices, copper prices, interest rates, foreign currency exchange rates or energy prices will be successful. Although hedging may protect New Gold from an adverse price change, it may also prevent New Gold from benefitting fully from a positive price change.

Climate Change Risks

Changes in climate conditions could adversely affect the Company's business and operations through the impact of (i) more extreme temperatures, precipitation levels and other weather events; (ii) changes to laws and regulations related to climate change; and (iii) changes in the price or availability of goods and services required by our business.

Climate change may lead to more extreme temperatures, precipitation levels and other weather events. Extreme high or low temperatures could impact the operation of equipment and the safety of personnel at the Company's sites, which could result in damage to equipment, injury to personnel and production disruptions. Changes in precipitation levels may impact the availability of water at the Company's operations, which the mills require to operate, potentially leading to production disruptions. Low precipitation also increases the risk of large forest fires, as occurred in proximity to the Company's operations in British Columbia have occurred in the past, which could cause production disruptions or damage site infrastructure. Increases in precipitation levels could also lead to water management challenges. Extreme weather events, such as forest fires, severe storms or floods, all of which may be more probable and more extreme due to climate change, may negatively impact operations and disrupt production. Significant capital investment may be required to address these occurrences and to adapt to changes in average operating conditions caused by these changes to the climate.

Climate change may lead to new laws and regulations that affect the Company's business and operations. Many governments are moving to enact climate change legislation and treaties at the international, national, state, provincial and local levels. Where legislation already exists, regulations relating to emission levels and energy efficiency are becoming more stringent. Some of the costs associated with meeting more stringent regulations can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, meeting more stringent regulations is anticipated to result in increased costs. For example, the Company's operations will pay Canadian Federal and Provincial carbon taxes in 2021.

Climate change may lead to changes in the price and availability of goods and services required for the Company's operations, which require the regular supply of consumables such as diesel, electricity, and sodium cyanide to operate efficiently. The Company's operations also depend on service providers to transport these consumables and other goods to the operations and to transport doré and concentrate produced by the Company to refiners. The effects of extreme weather described above and changes in legislation and regulation on the Company's suppliers and their industries may cause limited availability or higher price for these goods and services, which could result in higher costs or production disruptions.

We can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are described in the Company's audited consolidated financial statements for the year ended December 31, 2020.

ACCOUNTING POLICIES

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2020 and have been consistently applied in the preparation of the audited consolidated financial statements.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of and under the supervision of its President & Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") and in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, as of December 31, 2020. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2020, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods.

Internal Controls over Financial Reporting

New Gold's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. New Gold's management assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2020 based on the Integrated Framework (2013) issued by the Committee of Sponsoring Organization of the Treadway Commission ("COSO") and has concluded that New Gold's internal controls over financial reporting are effective as of December 31, 2020.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by Deloitte LLP, the Company's independent registered public accounting firm, as stated in their report immediately preceding the Company's audited consolidated financial statements for the year ended December 31, 2020.

Limitations of Controls and Procedures

The Company's management, including its President and Chief Executive Officer and Chief Financial Officer, believe that any internal controls and procedures for financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations of all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented and/or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Controls over Financial Reporting

There has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting during the period covered by this MD&A.

MINERAL RESERVES AND MINERAL RESOURCES

Mineral Reserves

New Gold's Mineral Reserve estimates as at December 31, 2020 are presented in the following table.

	Metal grade				Contained Metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
RAINY RIVER							
Direct processing reserves							
Open Pit							
Proven	14,333	1.22	2.5	-	563	1,137	-
Probable	27,273	1.18	2.7	-	1,036	2,381	-
Open Pit P&P (direct proc.)	41,606	1.20	2.6	-	1,599	3,518	-
Stockpile DPO							
Proven	599	0.73	3.2	-	14	62	-
Probable	-	-	-	-	-	-	-
Total Stockpile	599	0.73	3.2	-	14	62	-
Low grade reserves							
Open Pit							
Proven	5,401	0.35	2.0	-	61	346	-
Probable	12,924	0.35	2.3	-	144	967	-
Open Pit P&P (low grade)	18,325	0.35	2.2	-	205	1,313	-
Stockpile							
Proven	7,987	0.42	1.8	-	108	464	-
Probable	-	-	-	-	-	-	-
Open Pit P&P (stockpile)	7,987	0.42	1.8	-	108	464	-
Open Pit P&P (Direct proc. & Low grade)	**68,517**	**0.87**	**2.4**	-	**1,926**	**5,357**	-
Underground							
Proven	-	-	-	-	-	-	-
Probable	5,399	3.87	10.3	-	672	1,795	-
Underground P&P (direct proc.)	5,399	3.87	10.3	-	672	1,795	-
Combined Direct proc. & Low grade							
Proven	28,320	0.82	2.2	-	746	2,009	-
Probable	45,596	1.26	3.5	-	1,852	5,143	-
Total Rainy River P&P	**73,916**	**1.09**	**3.0**	-	**2,598**	**7,152**	-
NEW AFTON							
A&B Zones							
Proven	-	-	-	-	-	-	-
Probable	8,047	0.49	2.3	0.69	126	593	122
B3 Zone							
Proven	-	-	-	-	-	-	-
Probable	9,325	0.63	1.4	0.74	189	418	152
C-Zone							
Proven	-	-	-	-	-	-	-
Probable	29,252	0.68	1.8	0.75	643	1,659	484
Total New Afton P&P	**46,624**	**0.64**	**1.8**	**0.74**	**958**	**2,670**	**758**
TOTAL PROVEN & PROBABLE RESERVES					**3,556**	**9,822**	**758**

Measured and Indicated Mineral Resources

Mineral Resource estimates as at December 31, 2020, are presented in the following tables:

MEASURED & INDICATED MINERAL RESOURCES (*Exclusive of Mineral Reserves*)

		Metal grade			Contained metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
RAINY RIVER							
Direct processing resources							
Open Pit							
Measured	592	1.51	2.4	-	29	46	-
Indicated	3,696	1.11	3.1	-	132	370	-
Open Pit M&I *(direct proc.)*	4,288	1.17	3.0	-	161	416	-
Underground							
Measured	-	-	-	-	-	-	-
Indicated	18,494	3.06	7.7	-	1,818	4,563	-
Underground M&I *(direct proc.)*	18,494	3.06	7.7	-	1,818	4,563	-
Low grade resources							
Open Pit							
Measured	236	0.34	1.9	-	3	15	-
Indicated	2,054	0.35	2.0	-	23	131	-
Open Pit M&I (low grade)	2,290	0.35	2.0	-	26	146	-
Combined M&I							
Measured	828	1.20	2.3	-	32	61	-
Indicated	24,244	2.53	6.5	-	1,973	5,064	-
Total Rainy River M&I	**25,072**	**2.49**	**6.4**	-	**2,005**	**5,125**	-
NEW AFTON							
A&B Zones							
Measured	19,920	0.52	1.4	0.72	335	867	314
Indicated	11,691	0.36	2.5	0.56	135	933	145
A&B Zone M&I	31,612	0.46	1.8	0.66	470	1,800	460
C-Zone							
Measured	6,156	0.82	2.1	0.99	163	417	135
Indicated	16,398	0.68	2.4	0.82	356	1,261	295
C-zone M&I	22,554	0.72	2.3	0.86	519	1,678	430
HW Lens							
Measured	-	-	-	-	-	-	-
Indicated	12,333	0.49	1.9	0.42	194	769	114
HW Lens M&I	12,333	0.49	1.9	0.42	194	769	114
Combined M&I							
Measured	26,076	0.59	1.5	0.78	497	1,281	449
Indicated	40,422	0.53	2.3	0.62	684	2,965	554
Total New Afton M&I	**66,498**	**0.55**	**2.0**	**0.68**	**1,182**	**4,246**	**1,003**
TOTAL M&I RESOURCES					**3,187**	**9,371**	**1,003**

Inferred Mineral Resources

	Metal grade				Contained metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
RAINY RIVER							
Direct processing							
Open Pit	797	0.97	2.4	-	25	82	-
Underground	1,599	3.30	2.8	-	170	146	-
Total Direct Processing	2,396	2.52	2.7	-	195	228	-
Low grade resources							
Open Pit	681	0.35	1.4	-	8	30	-
Rainy River Inferred	**3,077**	**2.05**	**2.6**	-	**203**	**258**	-
NEW AFTON							
A&B Zones	7,671	0.34	1.3	0.33	83	311	56
C-Zone	10,640	0.37	1.0	0.37	126	349	87
HW Lens	3	0.49	0.6	0.19	-	-	-
New Afton Inferred	**18,313**	**0.36**	**1.1**	**0.36**	**209**	**659**	**143**
TOTAL INFERRED					**412**	**917**	**143**

Notes to Mineral Reserve and Resource Estimates

1. New Gold's Mineral Reserves and Mineral Resources have been estimated in accordance with the CIM Standards, which are incorporated by reference in NI 43-101.

2. All Mineral Reserve and Mineral Resource estimates for New Gold's properties and projects are effective December 31, 2020 and do not reflect any events subsequent to that date.

3. New Gold's year-end 2020 Mineral Reserves and Mineral Resources have been estimated based on the following metal prices and foreign exchange (FX) rate criteria:

	Gold $/ounce	Silver $/ounce	Copper $/pound	FX CAD:USD
Mineral Reserves	$1,400	$18.00	$2.75	$1.30
Mineral Resources	$1,500	$20.00	$3.00	$1.30

4. Lower cut-offs for the Company's Mineral Reserves and Mineral Resources are outlined in the following table:

Mineral Property		Mineral Reserves Lower cut-off	Mineral Resources Lower Cut-off
Rainy River	O/P direct processing:	0.46 – 0.49 g/t AuEq	0.44 – 0.45 g/t AuEq
	O/P low grade material:	0.30 g/t AuEq	0.30 g/t AuEq
	U/G direct processing:	1.93 g/t AuEq	1.70 g/t AuEq
New Afton	Main Zone – B1 & B2 Blocks:	USD$ 21.00/t	All Resources: 0.40% CuE
	B3 Block & C-zone:	USD$ 24.00/t	

5. New Gold reports its measured and indicated mineral resources exclusive of mineral reserves. Measured and indicated mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources have a greater amount of uncertainty as to their existence and technical feasibility, do not have demonstrated economic viability, and are likewise exclusive of mineral reserves. Numbers may not add due to rounding.

6. Mineral resources are classified as measured, indicated and inferred based on relative levels of confidence in their estimation and on technical and economic parameters consistent with the methods considered to be most suitable to their potential commercial extraction. The designators ‘open pit’ and ‘underground’ may be used to indicate the envisioned mining method for different portions of a resource. Similarly, the designators ‘direct processing’ and ‘lower grade material’ may be applied to differentiate material envisioned to be mined and processed directly from material to be mined and stored separately for future processing. Mineral reserves and mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other risks and relevant issues. Additional details regarding mineral reserve and mineral resource estimation, classification, reporting parameters, key assumptions and associated risks for each of New Gold’s material properties are provided in the respective NI 43-101 Technical Reports, which are available at www.sedar.com.

7. The preparation of New Gold's consolidated statement and estimation of mineral reserves has been completed under the oversight and review of Mr. Andrew Croal, Director of Technical Services for the Company. Mr. Croal is a Professional Engineer and member of the Association of Professional Engineers Ontario. Preparation of New Gold’s consolidated statement and estimation of mineral resources has been completed under the oversight and review of Mr. Michele Della Libera, Director, Exploration for the Company. Mr. Della Libera is a Professional Geoscientist and member of the Association of Professional Geoscientist of Ontario and of the Engineers and Geoscientist of British Columbia. Mr. Croal and Mr. Della Libera are "Qualified Persons" as defined by NI 43-101.

CAUTIONARY NOTES

Cautionary Note to U.S. Readers Concerning Estimates of Mineral Reserves and Mineral Resources

Disclosure regarding Mineral Reserve and Mineral Resource estimates included in this MD&A was prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the United States Securities and Exchange Commission ("SEC") generally applicable to U.S. companies. For example, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this News Release will not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this MD&A, including any information relating to New Gold's future financial or operating performance are "forward looking". All statements in this MD&A, 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 MD&A include, among others, those in the sections "Sustainability and ESG", "Outlook for 2021" and "Key Performance Drivers - Economic outlook" as well as statements with respect to: the Company's expectations with respect to production, operating expenses, cash costs, AISC, sustaining and growth capital, and gold and copper grades at the Rainy River Mine and the New Afton Mine for 2021 (including the potential for outperformance at the Rainy River Mine); the anticipated receipt of the C$50 million outstanding cash payment from the divestment of the Blackwater Project to Artemis, and the Company's ability to realize value from the gold stream of the Blackwater project; the timing of completion and parameters for capital and construction projects at the Rainy River Mine and the New Afton Mine; the Company's expectation relating to accessing first ore at the Rainy River Mine, and timing of production from the Intrepid zone; the impact of construction delays related to the thickener at the New Afton mine; the Company's expectations with respect to the ramp up of operations at the New Afton mine; the use of stockpiles at New Afton in 2021; the Company's expectations with respect to timing of production from the B3 zone, and targeted overall contribution; the Company's expectations with respect to the key capital projects at the New Afton Mine, including the B3 C-Zone development; the timing of production and extent of production from the B3 zone and other area in 2021; the timing and scope of the planned exploration drilling programs and expected timing of results at the Rainy River Mine and Cherry Creek; the timing of receipt of permits at the New Afton Mine; the Company's ability to reduce the risk of the spread of COVID-19; the adequacy of the Company's liquidity position; Mineral Reserve and Mineral Resource estimates.

All forward-looking statements in this MD&A 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 MD&A, its most recent annual information form and technical reports on the Rainy River Mine and New Afton Mine filed at www.sedar.com and on EDGAR at www.sec.gov. In addition to, and subject to, such assumptions discussed in more detail elsewhere, the forward-looking statements in this MD&A are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations other than as set out herein; (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; (4) the exchange rate between the Canadian dollar and U.S. dollar, and to a lesser extent, the Mexican Peso, being approximately consistent with current levels; (5) prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (6) equipment, labour and materials costs increasing on a basis consistent with New Gold's current expectations; (7) arrangements with First Nations and other Aboriginal groups in respect of the New Afton Mine and Rainy River Mine being consistent with New Gold's current expectations, particularly in the context of the outbreak of COVID-19; (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 during the applicable regulatory processes; (9) there being no significant disruptions to the Company's workforce at either the Rainy River or New Afton Mine due to cases of COVID-19 or any required self-isolation (due to cross-border travel or, exposure to a case of COVID-19 or any other reason); (10) the responses of the relevant governments to the COVID-19 outbreak being sufficient to contain the impact of the COVID-19 outbreak; (11) there being no material disruption to the Company's supply chains and workforce that would interfere with the Company related to COVID-19 , including the completion of key capital and construction projects and the commencement and completion of the planned exploration drilling programs at the Rainy River Mine and the New Afton Mine and 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 the systematic ramp-up of operations on the timing described herein or at all; (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; and (13) Artemis being able to complete the remaining C$50 million cash payment due on August 24, 2021 for the acquisition of the Blackwater Project.

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: significant capital requirements and the availability and management of capital resources; additional funding requirements; price volatility in the spot and forward markets for metals and other commodities; 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; discrepancies between actual and estimated production, between actual and estimated mineral reserves and mineral resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Canada, the United States and, to a lesser extent, Mexico or any other country in which New Gold currently or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which New Gold does or may carry on business; 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, the lack of certainty with respect to foreign 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 uncertainties inherent to current and future legal challenges New Gold is or may become a party to; diminishing quantities or grades of mineral reserves and mineral resources; competition; loss of key employees; rising costs of labour, supplies, fuel and equipment; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; unexpected delays and costs inherent to consulting and accommodating rights of Indigenous groups; risks, uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements; there being cases of COVID-19 in the Company's workforce at either the Rainy River or New Afton Mine, or both; there being no significant disruptions to Company's workforce at either the Rainy River Mine or the New Afton Mine, or both, due to cases of COVID or any required self-isolation (due to cross-border travel, exposure to a case of COVID-19 or any other reason) 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 or New Afton Mines; the Company not being able to complete its construction or mine development projects at the Rainy River Mine or the New Afton Mine on the timing described herein or at all; the Company not being able to commence or complete the planned exploration drilling programs at the Rainy River Mine and Cherry Creek on the timing described herein or at all; Artemis being able to complete the remaining C$50 million cash payment due on August 24, 2021 for the acquisition of the Blackwater Project; and the Company experiencing a material delay in completing all non-recurring capital projects at Rainy River and New Afton. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in New Gold's Annual Information Form and other disclosure documents filed on and available at www.sedar.com and on EDGAR at www.sec.gov. 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 MD&A 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.

Technical Information

The scientific and technical information relating to the Mineral Reserves contained herein has been reviewed and approved by Andrew Croal, Director, Technical Services for the Company. The scientific and technical information relating to the Mineral Resources contained herein has been reviewed and approved by Michele Della Libera, Director, Exploration for the Company. All other scientific and technical information herein has been reviewed and approved by Mr. Eric Vinet, Senior Vice President, Operations of New Gold. Mr. Croal is a Professional Engineer and a member of the Professional Engineers of

Ontario. Mr. Della Libera is a Professional Geologist and a member of the Association of Professional Geoscientists of Ontario and the Engineers and Geoscientists British Columbia. Mr. Vinet is a Professional Engineer and member of the Ordre des ingénieurs du Québec. Mr. Croal, Mr. Della Libera and Mr. Vinet are "Qualified Persons" for the purposes of NI 43-101. To the Company's knowledge, each of the aforementioned persons holds less than 1% of the outstanding securities of the Company.

The estimates of Mineral Reserves and Mineral Resources discussed in this MD&A may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other risks and relevant issues. New Gold's current NI 43-101 Technical Reports, which are available at www.sedar.com, contain further information regarding Mineral Reserve and Mineral Resource estimates, classification, reporting parameters, key assumptions and risks for each of New Gold's material mineral properties.

Exhibit 4

Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics ("Code") applies to every Director, Officer (including our President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO")), contractor and employee of New Gold Inc. or its subsidiaries (collectively the "Company"). For the purposes of this Code, the term "employee" includes contractors and any individual who is paid on the Company's payroll.

To further the Company's values of integrity, creativity, commitment, development of employees and teamwork, we have established this Code. Our Code strives to deter wrongdoing and promote the following objectives:

- Honest and ethical conduct, including ethical interactions with government officials and the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, understandable and transparent disclosure in periodic reports and documents required to be filed by the Company and in other public communications made by the Company;
- Compliance with the applicable exchange, government and self-regulatory organization laws, rules and regulations;
- Prompt internal reporting of Code violations; and
- Accountability for compliance with the Code.

Below, we discuss situations that require application of our fundamental principles and promotion of our objectives. If there is a conflict between this Code and a specific procedure, you should consult the CEO or the General Counsel for guidance. In the event of a conflict between this Code and any such procedure, or for any other guidance in respect of this Code absent a specific referral herein, the CEO or General Counsel, as the case may be, should consult the Chair of the Audit Committee of the Board of Directors.

Accountability for Compliance with the Code

Each of the Company's directors, officers and employees is expected to:

Understand. The Company expects **you** to understand the requirements of your position including Company expectations and laws, rules and regulations that apply to your position.

Comply. The Company expects **you** to comply with this Code and all applicable laws, rules and regulations.

Report. The Company expects **you** to report any violation of this Code of which you become aware.

Be Accountable. The Company holds **you** accountable for complying with this Code.

Table of Contents

Accounting Policies 1
Commitment 1
Compliance with Laws, Rules and Regulations 1
Computer and Information Systems 1
Confidential Information Belonging to Others 2
Confidential and Proprietary Information 2
Conflicts of Interest 3
Corporate Opportunities and Use and Protection of Company Assets 4
Disclosure Policies and Controls 4
Fair Dealing with Others 5
Filing of Government Reports 5
Bribery 5
Foreign Corrupt Practices Act 5
Health, Safety, Environment & Corporate Social Responsibility 6
Political Contributions 6
Prohibited Substances 6
Relations, Respect and Contribution 6
Reporting of Code Violations 7
Non-Retaliation for Reporting 7
Anonymous Reporting 8
Waivers 8
Amendments and Modifications of this Code 8
Conclusion 8
Discipline for Noncompliance with this Code 9

Accounting Policies

The Company and each of its subsidiaries will make and keep books, records and accounts which, in reasonable detail, accurately and fairly present the transactions and disposition of the assets of the Company.

All directors, officers and employees are prohibited from directly or indirectly falsifying or causing to be false or misleading any financial or accounting book, record or account. You and others are expressly prohibited from directly or indirectly manipulating an audit, and from destroying or tampering with any record, document or tangible object with the intent to obstruct a pending or contemplated audit, review or investigation. The commission of, or participation in, one of these prohibited activities or other illegal conduct will subject you to penalties under applicable laws and regulations, as well as disciplinary action, including termination of employment.

No director, officer or employee of the Company may directly or indirectly;

- Make or cause to be made a materially false or misleading statement, or
- Omit to state, or cause another person to omit to state, any material fact necessary to make statements made not misleading

in connection with the audit of financial statements by independent accountants, the preparation of any required reports whether by independent or internal accountants, or any other work which involves or relates to the filing of a document with the applicable Canadian securities regulatory authorities or the U.S. Securities and Exchange Commission ("**SEC**").

Commitment

To demonstrate our determination and commitment, the Company asks each director, officer and employee to review the Code periodically throughout the year. Take the opportunity to discuss with management any circumstances that may have arisen that could be an actual or potential violation of these ethical standards of conduct. Directors, officers and employees are required to confirm compliance with the Code annually.

Compliance with Laws, Rules and Regulations

The Company's goal and intention is to comply with the laws, rules and regulations by which we are governed. In fact, we strive to comply not only with requirements of the law but also with recognized compliance practices. All illegal activities or illegal conduct by or on behalf of New Gold are prohibited whether or not they are specifically identified in this Code. Where law does not govern a situation or where the law is unclear or conflicting, you should discuss the situation with your supervisor and management should seek advice from the CEO or General Counsel. Business should always be conducted in a fair and forthright manner. Directors, officers and employees are expected to act according to high ethical standards.

Computer and Information Systems

For business purposes, officers and employees are provided telephones, tablets, mobile devices and computers and software, including network access to computing systems such as the Internet and e-mail, to improve personal productivity and to efficiently manage proprietary information in a secure and reliable manner. As with other equipment and assets of the Company, we are each responsible for the appropriate use of these assets. Except for limited personal use of the Company's telephones, tablets, mobile devices and computers, such equipment may be used only for business purposes. Officers and employees should not

expect a right to privacy of their e-mail, Internet or network use. All communications, e-mails or Internet use on Company equipment or networks may be subject to monitoring by the Company for legitimate business purposes.

Confidential Information Belonging to Others

You must respect the confidentiality of information, including, but not limited to, trade secrets and other information given in confidence by others, including but not limited to partners, suppliers, contractors, competitors, customers or acquisition or investment targets, just as we protect our own confidential information. However, certain restrictions arising in relation to the information of others may place an unfair or inappropriate burden on the Company's future business. For that reason, directors, officers and employees should coordinate with the CEO, CFO or General Counsel to ensure appropriate agreements are in place prior to receiving any confidential third-party information. These agreements must reflect a balance between the value of the information received on the one hand and the logistical and financial costs of maintaining confidentiality of the information and, if applicable, limiting the Company's business opportunities on the other. In addition, any confidential information that you may possess from an outside source, such as a previous employer, must not, so long as such information remains confidential, be disclosed to or used by the Company. Unsolicited confidential information submitted to the Company should be refused, returned to the sender where possible and deleted, if received via the Internet.

Confidential and Proprietary Information

It is the Company's policy to ensure that all operations, activities and business affairs of the Company are kept confidential to the greatest extent possible. Confidential information includes all non-public information that might be of use to competitors, or that might be harmful to the Company or its customers if disclosed. Confidential and proprietary information about the Company belongs to the Company, must be treated with strictest confidence and is not to be disclosed or discussed with others.

Unless otherwise agreed to in writing, confidential and proprietary information includes any and all non-public information, methods, inventions, improvements or discoveries, whether or not patentable or copyrightable, and any other information of a similar nature disclosed to the directors, officers or employees of the Company or otherwise made known to the Company as a consequence of or through employment or association with the Company (including information originated by the director, officer or employee). This can include, but is not limited to, information regarding the Company's business, products, processes, and services. It also can include information relating to research, development, inventions, trade secrets, intellectual property of any type or description, data, business plans, marketing strategies, engineering, contract negotiations and business methods or practices.

The following are examples of information that are not considered confidential:

- Information that is in the public domain to the extent it is readily available;
- Information that becomes generally known to the public other than by disclosure by the Company or a director, officer or employee; or
- Information you receive from a party that is under no legal obligation of confidentiality with the Company with respect to such information.

We have exclusive property rights to all confidential and proprietary information regarding the Company. The unauthorized disclosure of this information could destroy its value to the Company and give others an unfair advantage. You are responsible for safeguarding Company information and complying with established security controls and procedures. All documents, records, notebooks, notes, memoranda and similar

repositories of information containing information of a secret, proprietary, confidential or generally undisclosed nature relating to the Company or our operations and activities made or compiled by the director, officer or employee or made available to you prior to or during the term of your association with the Company, including any copies thereof, unless otherwise agreed to in writing, belong to the Company and shall be held by you in trust solely for the benefit of the Company, and shall be delivered to the Company by you on the termination of your association with us or at any other time we request.

Conflicts of Interest

Conflicts of interest can arise in virtually every area of our operations. A “conflict of interest” exists whenever an individual’s personal interests interfere or conflict with the interests of the Company. We must strive to handle in an ethical and practical manner actual or apparent conflicts of interest between personal and professional relationships. We must each make decisions in the best interest of the Company. Business, financial or other relationships with suppliers, customers or competitors that might impair or appear to impair the exercise of our judgment should be avoided.

Here are some examples of potential conflicts of interest:

Family Members. Actions of family members may create a conflict of interest. For example, gifts to family members by a supplier of the Company are considered gifts to you and should be reported if they involve more than ordinary social amenity or are of more than nominal value from any organization doing or seeking to do business with the Company. Doing business for the Company with organizations where your family members are employed or that are partially or fully owned by your family members or close friends may create a conflict or the appearance of a conflict of interest. For purposes of the Code “family members” include any child, stepchild, grandchild, parent, stepparent, grandparent, spouse (including a common-law spouse), sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and adoptive relationships.

Gifts, Entertainment, Loans, or Other Favors. Directors, officers and employees shall not seek or accept gifts, entertainment, loans, or other favors for personal gain if it is more than ordinary social amenity or of more than nominal value from anyone soliciting business from, or doing business with the Company, or from any person or entity in competition with us. Other than common business courtesies, directors, officers, and employees must not offer or provide anything to any person or organization for the purpose of influencing the person or organization in their business relationship with us. Additional restrictions apply when providing anything of value to a government official or employee, employee or agent of a state-owned or controlled enterprise, employee or agent of a public international organization, political party or official thereof or any candidate for a political office. Please refer to the sections of this Code on Bribery and the Foreign Corrupt Practices Act and the Corruption of Foreign Public Officials Act for more information.

Directors, officers and employees are expected to deal with advisors or suppliers who best serve the needs of the Company as to price, quality and service in making decisions concerning the use or purchase of materials, equipment, property or services. Directors, officers and employees who use the company’s advisors, suppliers or contractors in a personal capacity are expected to pay market value for materials and services provided.

Outside Employment. Officers and employees may not participate in outside employment, self-employment, or serve as officers, directors, partners or consultants for outside organizations, if such activity:

- reduces work efficiency;
- interferes with your ability to act conscientiously in our best interest;
- requires you to utilize our proprietary or confidential procedures, plans or techniques; or

- negatively impacts the reputation of the Company.

You must inform your supervisor of any outside employment, including the employer's name and expected work hours.

You should report any actual or potential conflict of interest involving yourself or others of which you become aware to your supervisor or the CEO or General Counsel. Officers and Directors should report any actual or potential conflict of interest involving yourself or another officer or director of which you become aware to the Chair of the Audit Committee of the Board of Directors.

Corporate Opportunities and Use and Protection of Company Assets

You are prohibited from:

- taking for yourself, personally, opportunities that are discovered through the use of Company property, information or position;
- using Company property, information or position for personal gain; or
- competing with the Company.

You have a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

You are personally responsible and accountable for the proper expenditure of Company funds, including money spent for travel expenses or for business entertainment. You are also responsible for the proper use of property over which you have control, including both Company property and funds and property that has been entrusted to your custody. Company assets must be used only for proper purposes.

Company property should not be misused. Company property may not be sold, loaned or given away regardless of condition or value, without proper authorization. Each director, officer and employee should protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Company assets should be used only for legitimate business purposes.

Disclosure Policies and Controls

The continuing excellence of the Company's reputation depends on our full and complete disclosure of important information about the Company that is used in the securities marketplace. Our financial and non-financial disclosures and filings with the applicable Canadian securities regulatory authorities and SEC must be accurate and timely. Proper reporting of reliable, truthful and accurate information is a complex process involving cooperation among many of us. We must all work together to ensure that reliable, truthful and accurate information is disclosed to the public.

The Company must disclose to the applicable Canadian securities regulatory authorities, the SEC, current security holders and the investing public, information that is required, and any additional information that may be necessary to ensure the required disclosures are not misleading or inaccurate. The Company requires you to participate in the disclosure process in accordance with the Disclosure, Confidentiality and Insider Trading Policy, which is overseen by the Disclosure Committee appointed in accordance with such policy. The disclosure process is designed to record, process, summarize and report material information as required by all applicable laws, rules and regulations. Participation in the disclosure process is a requirement of a public company, and full cooperation with members of the Disclosure Committee and other officers, managers and employees in the disclosure process is a requirement of this Code.

Officers and employees must fully comply with their disclosure responsibilities in an accurate and timely manner (within the guidelines of applicable securities regulatory authorities) or be subject to discipline of up to and including termination of employment.

Fair Dealing with Others

No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Filing of Government Reports

Any reports or information provided by the Company, or on our behalf, to federal, provincial, territorial, state, local or foreign governments must be true and accurate. You are required to assist the Company in providing true and accurate reports and information. Any omission, misstatement or lack of attention to detail could result in a violation of the reporting laws, rules and regulations.

Bribery

You are strictly forbidden from, directly or indirectly, offering, promising or giving money, gifts, loans, rewards, favors or anything of value to any government official or employee, employee or agent of a state-owned or controlled enterprise, employee or agent of a public international organization, political party or official thereof or any candidate for a political office, including any agent or other intermediary, including a close family member or household member, of any of the above, in connection with the business of New Gold, except in full compliance with the Company's Anti-Bribery and Anti-Corruption Policy.

Those paying a bribe may subject the Company and themselves to civil and criminal penalties. When dealing with government representatives or officials and private parties, no improper payments will be tolerated. If you become aware of or receive any solicitation for, or offer of, money or a gift, that is intended to influence an official decision or business decision inside or outside of the Company, it should be reported to your supervisor, the General Counsel or the CEO immediately.

The Company prohibits improper payments in all of its activities, whether these activities are with governments or in the private sector. Please refer to the Company's Anti-Bribery and Anti-Corruption Policy and procedures implemented in respect of that policy for more information.

Foreign Corrupt Practices Act and the Corruption of Foreign Public Officials Act

The United States Foreign Corrupt Practices Act ("**FCPA**") and the Corruption of Foreign Public Officials Act (Canada) ("**CFPOA**") contain certain prohibitions with respect to giving anything of value, directly or indirectly, to foreign government officials or certain other individuals in order to obtain, retain or direct business for or to any person. Accordingly, corporate funds, property or anything of value may not be, directly or indirectly, offered or given by you or an agent acting on our behalf, to a government official or employee, employee or agent of a state-owned or controlled enterprise, employee or agent of a public international organization, political party or official thereof or any candidate for a political office, including any agent or other intermediary, including a close family member or household member, of any of the above for the purpose of influencing any act or decision of such party or person or inducing such party or person to use its or his influence, or to otherwise secure any improper advantage, in order to assist in obtaining or retaining business for, or directing business to, any person.

You are also prohibited from offering or paying anything of value to any person if it is known or there is a reason to know that all or part of such payment will be used for the above-described prohibited actions. This

provision includes situations when intermediaries, such as affiliates, or agents, are used to channel payments to government officials.

In addition to complying with the FCPA and CFPOA, you are required to comply with local anti-bribery and anti-corruption laws in the jurisdictions in which New Gold conducts business.

Each officer, director and employee is also expected to comply with our additional policies, programs, standards and procedures related to anti-corruption compliance. Please refer to the Company's Anti-Bribery and Anti-Corruption Policy and procedures implemented in respect of that policy for more information.

Sustainability

The Company is committed to managing and operating our assets in a manner that is protective of human health and safety and the environment, respects human rights and involves active engagement with host communities. It is our policy to comply, in all material respects, with applicable health, safety and environmental laws and regulations. Each employee is also expected to comply with our policies, programs, standards and procedures relating to health, safety, the environment, human rights, community engagement and corporate social responsibility.

Political Contributions

You must refrain from making any use of Company, personal or other funds or resources on behalf of the Company, or which may be attributed to or associated with the Company, for political or other purposes which are improper or prohibited by the applicable federal, provincial, territorial, state, local or foreign laws, rules or regulations. Company contributions, or those which may be associated with the Company, or expenditures in connection with election campaigns may be permitted only to the extent allowed by federal, provincial, territorial, state, local or foreign election laws, rules and regulations and require the approval of the CEO.

You are encouraged to participate actively in the political process in your personal capacity, but not on behalf of the Company. We believe that individual participation is a continuing responsibility of those who live in a free country.

Prohibited Substances

You are prohibited from using alcohol, cannabis, illegal drugs or other prohibited items, including unauthorized legal drugs which affect the ability to perform your work duties, while on Company premises. You are also prohibited from the possession or use of alcoholic beverages, cannabis, firearms, weapons or explosives on our property unless authorized by the CEO or an Executive Vice President. You are also prohibited from reporting to work while under the influence of alcohol, cannabis or illegal drugs.

Relations, Respect and Contribution

We function as a team. Your success as part of this team depends on your contribution and ability to inspire the trust and confidence of your coworkers and supervisors. Respect for the rights and dignity of others and a dedication to the good of our Company are essential.

A cornerstone of our success is the teamwork of our directors, officers and employees. We must each respect the rights of others while working as a team to fulfill our objectives. To best function as part of a team, you must be trustworthy and dedicated to high standards of performance. The relationships between business groups also require teamwork.

To facilitate respect and contribution among employees, we have implemented the following employment policies:

- To hire, pay and assign work on the basis of qualifications and performance;
- Not to discriminate on the basis of race, religion, ethnicity, national origin, color, gender, age, sexual orientation, citizenship, veteran's status, marital status or disability;
- To attract and retain a highly talented workforce;
- To encourage skill growth through training and education and promotional opportunities;
- To encourage an open discussion between all levels of employees and to provide an opportunity for feedback from the top to the bottom and from the bottom to the top;
- To prohibit harassment (including sexual, physical, verbal) by others while an employee is on the job;
- To make the safety and security of our employees while at Company facilities a priority;
- To recognize and reward additional efforts that go beyond our expectations; and
- To respect all workers' rights to dignity and personal privacy by not disclosing employee information, including protected health information, unnecessarily.

Reporting of Code Violations

You should be alert and sensitive to situations that could result in actions that might violate federal, state, or local laws or the standards of conduct set forth in this Code. If you believe your own conduct or that of an employee, director or officer may have violated any such laws or this Code, you have an obligation to report the matter in accordance with this Code and/or the Whistleblower Policy.

Generally, you should raise such matters first with an immediate supervisor. However, if you are not comfortable bringing the matter up with your immediate supervisor, or do not believe the supervisor has dealt with the matter properly, then you should raise the matter with the CEO, CFO or General Counsel. Alternatively, complaints may be made in accordance with the Whistleblower Policy. The most important point is that possible violations should be reported and we support all means of reporting them.

Directors and officers should report any potential violations of this Code involving directors or officers to the Chair of the Audit Committee of the Board of Directors.

Non-Retaliation for Reporting

In no event will the Company take or threaten any action against you as a reprisal or retaliation for making a complaint in good faith in accordance with this Code or the Company's Whistleblower Policy. However, if a reporting individual was involved in improper activity the individual may be appropriately disciplined even if he or she was the one who disclosed the matter to the Company. In these circumstances, we may consider the conduct of the reporting individual in reporting the information as a mitigating factor in any disciplinary decision.

We will not allow retaliation against a reporting individual for reporting, in good faith, a concern regarding compliance with this Code in accordance with this Code or the Company's Whistleblower Policy. Retaliation for reporting an offense may be illegal under applicable law and prohibited under this Code. Retaliation for reporting any violation of a law, rule or regulation or a provision of this Code or the Company's policies and procedures is prohibited. Retaliation will result in discipline up to and including termination of employment and may also result in criminal prosecution.

Anonymous Reporting

If you wish to report a suspected violation of this Code anonymously, you may do so in accordance with the Company's Whistleblower Policy. You do not have to reveal your identity in order to make a report. If you do reveal your identity, it will not be disclosed by the Chair of the Audit Committee unless disclosure is unavoidable during an investigation.

Waivers

There shall be no waiver of any part of this Code for any director or executive officer (being the CEO, the CFO, each Executive Vice President and each Vice President that is an executive officer as defined in National Instrument 51-102) except by a vote of the Board of Directors or a designated Board committee that will ascertain whether a waiver is appropriate under all the circumstances. If a waiver (or implicit waiver) is granted to a director or executive officer, notice of such waiver will be disclosed to the extent required by applicable law or stock exchange rules. For these purposes, the term "waiver" means the approval by the Company of a material departure from a provision of the Code, and the term "implicit waiver" means a failure of the Company to take action within a reasonable period of time regarding a material departure from a provision of the Code that has been made known to an executive officer. Any notices of waiver posted on our website shall remain there for a period of 12 months and shall be retained in our files as required by applicable law.

A waiver for a specific event arising under this Code may be granted to an employee that is not a director or executive officer on the approval of two of the following: the CEO, any Executive Vice President, the General Counsel, and any director. No other waivers of this Code are permitted.

Amendments and Modifications of this Code

There shall be no amendment or modification to this Code except by a vote of the Board of Directors or a designated Board committee that will ascertain whether an amendment or modification is appropriate.

In case of any amendment or modification of this Code that applies to an officer or director of the Company, the amendment or modification shall be posted on the Company's website within five days of the Board vote or shall be otherwise disclosed as required by applicable law or applicable exchange rules. Notice posted on the website shall remain there for a period of 12 months and shall be retained in the Company's files as required by law.

Conclusion

This Code is an attempt to point all of us at the Company in the right direction, but no document can achieve the level of principled compliance that we are seeking. In reality, each of us must strive every day to maintain our awareness of these issues and to comply with the Code's principles to the best of our abilities. Before we take an action, we must always ask ourselves:

Does it feel right?

Is this action ethical in every way?

Is this action in compliance with the law?

Could my action create an appearance of impropriety?

Am I trying to fool anyone, including myself, about the propriety of this action?

If an action would elicit the wrong answer to any of these questions, do not take it. We cannot expect perfection, but we do expect good faith. If you act in bad faith or fail to report illegal or unethical behavior, then you will be subject to disciplinary procedures. We hope that you agree that the best course of action is to be honest, forthright and loyal at all times.

Discipline for Noncompliance with this Code

Disciplinary actions for violations of this Code can include oral or written reprimands, suspension or termination of employment or a potential civil lawsuit against you.

The violation of laws, rules or regulations, which can subject the Company to fines and other penalties, may result in your criminal prosecution.

Approved by the Board on November 25, 2020.

Exhibit 5

Certification of President and Chief Executive Officer as Required by Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Renaud Adams, certify that:

1. I have reviewed this annual report on Form 40-F of New Gold Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2021

/s/ Renaud Adams
Renaud Adams
President and Chief Executive Officer

Exhibit 6

Certification of Chief Financial Officer as Required by Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Robert Chausse, certify that:

1. I have reviewed this annual report on Form 40-F of New Gold Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2021

/s/ Robert Chausse

Robert Chausse
Executive Vice President and Chief Financial Officer

Exhibit 7

Certification of President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the annual report on Form 40-F for the fiscal year ended December 31, 2020 (the " **Report**") by New Gold Inc. (the "**Company**"), I, Renaud Adams, as President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2021

/s/ Renaud Adams

—

Renaud Adams
President and Chief Executive Officer

Exhibit 8

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the annual report on Form 40F for the fiscal year ended December 31, 2020 (the " **Report**") by New Gold Inc. (the "**Company**"), I, Robert Chausse, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2021

/s/ Robert Chausse

—

Robert Chausse
Executive Vice President and Chief Financial Officer

Exhibit 9

Consent of Independent Registered Public Accounting Firm

We consent to the use of our reports dated February 18, 2021 relating to the financial statements of New Gold Inc. and the effectiveness of New Gold Inc.'s internal control over financial reporting appearing in this annual report on Form 40-F for the year ended December 31, 2020.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 31, 2021

Exhibit 10

Consent of Michele Della Libera

United States Securities and Exchange Commission

Ladies and Gentlemen:

I, Michele Della Libera, Professional Geoscientist (P.Geo) and member of the Association of Professional Geoscientists of Ontario (APGO) and the Engineers and Geoscientists of British Columbia, hereby consent to the use of and reference to my name, and the inclusion in the annual report on Form 40-F of New Gold Inc. of the information reviewed and approved by me relating to Mineral Resources that is of a scientific or technical nature contained therein for the financial year ended December 31, 2020.

Dated this 31st day of March, 2021

Yours truly,

/s/ Michele Della Libera

Name: Michele Della Libera
APGO and EGBC P.Geo.

Exhibit 11

Consent of Andrew Croal

United States Securities and Exchange Commission

Ladies and Gentlemen:

I, Andrew Croal, Professional Engineer and member of the Association of Professional Engineers of Ontario, hereby consent to the use of and reference to my name, and the inclusion in the annual report on Form 40-F of New Gold Inc. of the information reviewed and approved by me relating to Mineral Reserves that is of a scientific or technical nature contained therein for the financial year ended December 31, 2020.

Dated this 31st day of March, 2021

Yours truly,

/s/ Andrew Croal

Name: Andrew Croal
Professional Engineer
New Gold Inc.

Exhibit 12

Consent of Eric Vinet

United States Securities and Exchange Commission

Ladies and Gentlemen:

I, Eric Vinet, Professional Engineer and member of the Ordre des ingénieurs du Québec, hereby consent to the use of and reference to my name, and the inclusion in the annual report on Form 40-F of New Gold Inc. of the information reviewed and approved by me that is all scientific and technical information contained therein for the financial year ended December 31, 2020 other than that related to Mineral Reserves and Mineral Resources.

Dated this 31st day of March, 2021

Yours truly,

/s/ Eric Vinet

Name: Eric Vinet
Professional Engineer
New Gold Inc.