



FACT SHEET

New Gold - Minera San Xavier – Cerro San Pedro Mine

- New Gold owns 100% of the Cerro San Pedro Mine through the Mexican company, Minera San Xavier S.A. de C.V. (MSX).

Injunction against PROFEPA order Suspending Mining Operations

- On December 14, 2009, MSX was granted an injunction by the First District Court in San Luis Potosi against a November order suspending mining at Cerro San Pedro issued by PROFEPA, the Mexican environmental enforcement agency. As a result of the injunction, operations have recommenced and are expected to continue through the duration of the continuing legal proceedings.

Cancellation of 2006 Environmental Impact Statement (EIS)

- The suspension of mining activity resulted from the ruling by the Federal Court of Fiscal and Administrative Justice in September 2009 that ordered SEMARNAT, the Mexican environmental protection agency, to nullify in November the authorization of MSX's 2006 (EIS) for the Cerro San Pedro mine. MSX appealed the ruling and a hearing in the Third Federal District Court in Mexico City, previously scheduled for early March 2010, has been re-scheduled to early April 2010.
- The Federal Court's decision does not affect MSX's land usage permit or its other operating permits, all of which remain in effect, except as noted below in relation to the explosives permit.
- In November 2009, MSX filed a request for authorization for a new EIS with SEMARNAT. The request was accepted by SEMARNAT and evaluation has commenced.

Explosives Permit

- In February 2010 a hearing was scheduled to commence in the Fourth District Court in San Luis Potosi, related to a challenge by opposition to the mine to the annual renewal of the explosives permit at Cerro San Pedro. That hearing has been postponed until mid-March 2010. The company's legal advisers believe that the outcome of the hearing will be positive and normal operation of the mine will resume soon thereafter.

About Cerro San Pedro

- New Gold's Cerro San Pedro Mine has an enviable record of compliance with Mexican and international environmental standards and enjoys overwhelming local support as a valuable corporate citizen.
- Regional expenditure directly benefitting the surrounding area in 2009 was approximately US\$43 million.
- MSX expects to spend US\$6.5 million on employee wages and benefits this year.
- MSX contributes significantly to the development of the surrounding communities while preserving the historic character of the town immediately adjacent to the mine through a number of initiatives:
 - cleaned up mining waste abandoned by previous miners
 - developed a nursery that to date has produced more than 75,000 plants for reclamation and agricultural purposes
 - reforested 52 hectares with 56,000 plants in the Monte Caldera area
 - built new homes and schools for residents
 - rehabilitated historic churches that had suffered from many decades of neglect
 - constructed a new church
 - conducted trade skills training programs
 - equipped schools with computers and other educational aids
 - supported cultural festivals
 - provided jobs to a significant percentage of the neighbouring population
- Each week, MSX provides free medical services, including doctor visits, ambulance service and dental care, in the neighbouring village of Cerro de San Pedro and the other nine communities in the immediate area.
- MSX has invested significant sums in paving roads, installing sewage lines and building drainage systems to better the lives of local citizens.
- New Gold has a history of operating in a socially and sustainable manner meeting international standards in the three countries where it operates mines.
- Resources relevant to this fact sheet including links to Mexican and Canadian government/ministry websites: <http://delicious.com/CerroDeSanPedro>.