PROJECT AGREEMENT FOR THE BLACKWATER GOLD MINE IN BRITISH COLUMBIA

PREAMBLE

The Canadian Environmental Assessment Agency (CEA Agency) has commenced an environmental assessment (EA) pursuant to the Canadian Environmental Assessment Act, 2012 (CEAA 2012) for New Gold Inc.’s (the Proponent) Blackwater Gold Mine (the Project).

The proposed project consists of the construction, operation, and decommissioning of an open pit gold and silver mine located approximately 100 kilometres south of Vanderhoof, British Columbia. As proposed, the project would produce 60,000 tonnes per day of gold and silver ore, over a mine life of 17 years.

The CEA Agency and the British Columbia Environmental Assessment Office (BCEAO) have agreed to coordinate the federal and provincial EAs to the extent possible pursuant to the Canada-British Columbia Agreement for Environmental Assessment Cooperation.

Nothing in this Project Agreement (the Agreement) fetters the powers, statutory authorities and functions of federal departments/agencies and their respective Ministers.

The signatories to this Agreement (the Parties) commit to work together to facilitate an effective, accountable, transparent, timely and predictable federal review in relation to the proposed project and to contribute to fulfilling the Crown’s duty to consult Aboriginal groups.

1.0 PURPOSE

The purpose of this document is to provide detailed information pertaining to the federal review process where the CEA Agency is the responsible authority during the EA. For further information regarding the federal review process, please refer to The Federal Review Process for Major Projects: Project Agreement Companion Document (the Companion Document) (www.mpmo-bggp.gc.ca).

2.0 ROLES AND RESPONSIBILITIES

The following federal departments and agencies have identified an interest in the Project, and will participate in the federal review:

- Responsible authority: The CEA Agency will ensure that an EA is conducted, an EA Report is prepared and that an EA Decision Statement is issued;

- Federal authorities (FAs): Fisheries and Oceans Canada (DFO), Transport Canada (TC), Natural Resources Canada (NRCan), Environment Canada (EC), Canadian Transportation Agency (CTA) and Health Canada (HC) may be in possession of specialist or expert information or knowledge with respect to the Project;
- Regulatory departments: TC, EC, and NRCan have, and DFO and CTA may have regulatory and statutory duties in relation to the Project;

- Aboriginal Affairs and Northern Development Canada has advisory responsibilities in relation to the Project to support consistency with the Government of Canada’s Whole of Government approach to Aboriginal consultation activities; and,

- The Major Projects Management Office will provide oversight and advice throughout the entire federal review in relation to the Project to ensure adherence to the service standards and roles and responsibilities of all Parties as described in the Agreement and the Companion Document.

### 3.0 ABORIGINAL CONSULTATION

The Parties are committed to a “Whole of Government” approach to Aboriginal consultation that is integrated with the EA and regulatory process, to the extent possible. For more information on the Whole of Government approach, including roles and responsibilities of departments and agencies, as well as coordination during the project review, please refer to Annex I of the Companion Document.

Where applicable, the terms and conditions of all existing agreements or protocols and/or MOUs between the Crown and Aboriginal groups will be respected.

### 4.0 TIMELINES

Timelines identified in the Agreement represent the time expected to be taken by federal departments and agencies in carrying out their respective tasks. The timelines do not account for time taken by the Proponent to collect information or undertake a study at the request of the CEA Agency during the EA or regulatory departments during the regulatory phase. The target timelines for the federal review are as follows:

a) Completion of the EA, as per CEAA 2012 – 365 days from the posting of the Notice of Commencement (NoC) on the Canadian Environmental Assessment Registry Internet Site (CEARIS) to the Minister of the Environment’s (the Minister) EA Decision Statement about whether the project is likely to cause significant adverse environmental effects.

b) Regulatory decisions pursuant to the *Fisheries Act and Navigable Waters Protection Act* (NWPA) – 90 days from the Minister’s EA Decision Statement posted on the CEARIS, assuming submission of all applications no later than the time of the submission of the Environmental Impact Statement (EIS).

c) Regulatory decision pursuant to the *Explosives Act* – 1 month from the submission of a complete and acceptable application for an Explosives Factory Licence.
d) Regulatory decision pursuant to the *Canadian Transportation Act* — 120 days from the submission of a complete application to the CTA.

e) Regulatory decision pursuant to the *Metal Mining Effluent Regulations* – 8 months from the Minister’s EA Decision Statement posted on the CEARIS. The timeline will be reduced to 6 months if Treasury Board is satisfied that the Conditions for Exemption have been met (see the Companion Document for additional information).

f) If appropriate, issue a Governor in Council (GIC) proclamation of exemption under s.23 of the NWPA – 11.5 months from the Minister’s EA Decision Statement posted on the CEARIS. The timeline will be reduced to 6 months if Treasury Board is satisfied that the Conditions for Exemption have been met (see the Companion Document for additional information).
5.0 SIGNATORIES

The Parties hereto have signed the Agreement, in counterpart, on the dates indicated below.

Original signed by  
Serge P. Dupont  
Deputy Minister  
Natural Resources Canada  

Original signed by  
Yves Leboeuf  
Acting President  
Canadian Environmental Assessment Agency  

Original signed by  
Matthew King  
Deputy Minister  
Fisheries and Oceans Canada  

Original signed by  
Marie Lemay  
Associate Deputy Minister  
Infrastructure Canada  
(on behalf of Louis Lévesque  
Deputy Minister, Transport Canada)  

Original signed by  
Bob Hamilton  
Deputy Minister  
Environment Canada  

Original signed by  
Michael Wernick  
Deputy Minister  
Aboriginal Affairs and Northern Development Canada  

Original signed by  
Geoffrey Hare  
Chair and Chief Executive Officer  
Canadian Transportation Agency
Annex I

Key Milestones and Service Standards for the Environmental Assessment and Aboriginal Consultation

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Lead</th>
<th>Support As Needed</th>
<th>Timeline/Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Post the Notice of Commencement (NoC) on the CEARIS</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 0 (December 21, 2012)</td>
</tr>
<tr>
<td>2 Public and Aboriginal group comment period on the draft EIS Guidelines</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 1-30 (30 Days) (December 21, 2012 – January 20, 2013)</td>
</tr>
<tr>
<td>3 Finalize the EIS Guidelines and provide to the Proponent</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 31-60 (30 Days) (January 21, 2013 – February 19, 2013)</td>
</tr>
<tr>
<td>4 Submit the EIS and EIS Summary</td>
<td>Proponent</td>
<td>CEA Agency, FAs</td>
<td>To be determined by the Proponent</td>
</tr>
<tr>
<td>5 Review of the EIS to ensure the requirements of the EIS Guidelines are met</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 61-90 (30 Days)</td>
</tr>
<tr>
<td>6 Public and Aboriginal group comment period on the EIS summary</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 91-120 (30 Days)</td>
</tr>
<tr>
<td>7 Federal review and provision of comments on the EIS to the Proponent</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 91-135 (45 Days)</td>
</tr>
<tr>
<td>8 Submit revised EIS or additional information, as appropriate</td>
<td>Proponent</td>
<td>CEA Agency, FAs</td>
<td>To be determined by the Proponent</td>
</tr>
<tr>
<td>9 Review the revised EIS or additional information, as appropriate</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 136-150 (15 Days)</td>
</tr>
<tr>
<td>10 Prepare the draft Environmental Assessment Report (EAR)</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 151-185 (35 Days)</td>
</tr>
<tr>
<td>11 Federal review and provision of comments on the draft EAR to the CEA Agency</td>
<td>FAs</td>
<td></td>
<td>Day 186-215 (30 Days)</td>
</tr>
<tr>
<td>12 Public and Aboriginal group comment period on the draft EAR</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 186-215 (30 Days)</td>
</tr>
<tr>
<td>13 Finalize the EAR and submit to the Minister</td>
<td>CEA Agency</td>
<td>FAs</td>
<td>Day 216-305 (90 Days)</td>
</tr>
<tr>
<td>14 Issue the EA Decision Statement</td>
<td>Minister</td>
<td>CEA Agency</td>
<td>Day 306-365 (60 Days)</td>
</tr>
<tr>
<td>15 Post the Minister’s EA Decision Statement on the CEARIS</td>
<td>CEA Agency</td>
<td></td>
<td>Day 366-372 (7 Days)</td>
</tr>
</tbody>
</table>
Annex II

Gantt Chart: Target Timelines for the EA

1 The Gantt chart is a baseline against which the timelines, identified in the Agreement expected to be taken by federal departments and agencies in carrying out their respective tasks for the EA, will be tracked. The timelines do not account for time taken by participants who are not signatories to this Agreement, such as the Proponent, provinces, Aboriginal groups, the public or other stakeholders.
The Gantt chart is a baseline against which the timelines, identified in the Agreement expected to be taken by federal departments and agencies in carrying out their respective tasks for the Regulatory Phase, will be tracked. The timelines do not account for time taken by participants who are not signatories to this Agreement, such as the Proponent, provinces, Aboriginal groups, the public or other stakeholders.