



## **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).
- The Cerro San Pedro Mine is in full operation and current legal challenges relate primarily to a land use dispute; there are no environmental problems or issues with the Cerro San Pedro Mine. The Cerro San Pedro Mine operates in compliance with all laws and regulations and the environmental management system at the Cerro San Pedro Mine has been certified by the International Organization for Standardization (ISO) as fully compliant with ISO14001:2004.

### **Environmental Impact Statement (EIS)**

- In September 2009, a Federal Court of Fiscal and Administrative Justice ordered SEMARNAT, the Mexican environmental regulatory agency, to nullify the authorization of MSX's 2006 Environmental Impact Statement (EIS) for the Cerro San Pedro mine. MSX appealed the ruling, a hearing in the Third Federal District Court in Mexico City was held in April 2010, and a negative decision was issued by the court in July 2010. MSX appealed the negative decision and in November 2010, a Collegiate Appeals Court in Mexico City ruled unanimously in favour of the company's position in its appeal against the September 2009 nullification of the EIS.
- In March 2011, the municipality of Cerro de San Pedro approved a new municipal land use plan (Plan), after public consultation. The Plan clearly designates the area of the Cerro San Pedro Mine for mining.
- In April 2011, MSX filed a request for a new EIS based on the Plan. It is expected that a new EIS will be granted after the standard evaluation period is ended in Q3, which timeframe could change if additional technical information is requested.
- MSX's land usage permit and its other operating permits remain in effect.
- MSX continues to work with all levels of government and other external stakeholders to ensure ongoing operations at the Cerro San Pedro Mine.

## 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 2010 was approximately US\$72 million.
- MSX expects to spend approximately US\$10 million on employee wages and benefits in 2011.
- 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 140,000 plants for reclamation and agricultural purposes
  - reforested 92 hectares with approximately 100,000 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 thirteen communities in the immediate area.
- MSX has invested and continues to invest 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>.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this site, including any information relating to New Gold's future financial or operating performance may be deemed "forward looking". All statements in this site, other than statements of historical fact, that address events or developments that New Gold expects to occur, are "forward-looking statements" or "forward-looking information". Forward-looking statements include, but are not limited to, statements with respect to the future prices of gold, silver and copper, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, financing requirements, costs and timing of the development of new and existing deposits, implementation, timing and success of drilling and other exploration activities, permitting time lines, the completion and success of acquisitions, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, remediation and reclamation procedures and expenses, title disputes or claims, and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology including but not limited to the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are subject to important risk factors and uncertainties, many of which are beyond New Gold's ability to control or predict. 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 New Gold's 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; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States, Australia, Mexico and Chile; price volatility in the spot and forward markets for commodities; impact of any hedging activities, including margin limits and margin calls; discrepancies between actual and estimated production, between actual and estimated reserves and resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Canada, the United States, Australia, Mexico and Chile 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 that New Gold operates in, including, but not limited to, Mexico, where New Gold is involved with ongoing challenges relating to its environmental impact statement for Cerro San Pedro Mine; the lack of certainty with respect to the Mexican and other 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 the Company is or may become a party to, including the third party claim related to the El Morro transaction with respect to New Gold's exercise of its right of first refusal on the El Morro copper-gold project in Chile and its partnership with Goldcorp Inc.; diminishing quantities or grades of reserves; competition; loss of key employees; additional funding requirements; actual results of current exploration or reclamation activities; 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. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental 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 "Risks Factors" included in New Gold's Annual Information Form filed on March 31, 2011 and Management Information Circular filed on April 8, 2011, both available at [www.sedar.com](http://www.sedar.com). 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 site are qualified by these cautionary statements. 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