



An open letter to:

Council of Canadians
Polaris Institute
Public Service Alliance of Canada

November 29, 2010

New Gold is an intermediate Canadian-based gold mining company with a mine in Cerro San Pedro, Mexico along with the Mesquite Mine in the United States and Peak Mines in Australia. We are a publicly traded company with an outstanding record of corporate social responsibility and environmental protection.

We are responding to a News release issued by the Council of Canadians dated November 22, 2010: *Canadian Civil Society Demands Canadian Mining Companies Be Held Accountable for Overseas Abuses*

The news release specifically cites a community in San Luis Potosi, Mexico as being affected by the actions of our mining operation.

This mining operation is one of the best examples Canadian ownership bringing internationally recognized mining standards with the strictest environmental protection measures to mining operations in other countries.

New Gold's Minera San Xavier mine has an enviable record of compliance with Mexican and international environmental standards and enjoys overwhelming local support as a valuable corporate citizen.

Minera San Xavier is providing well paying jobs, significant training and benefits for its more than 500 employees and contractors. Strong social programs extend throughout the 10 communities surrounding Minera San Xavier including the adjacent community of Cerro de San Pedro.

Some of the initiatives include:

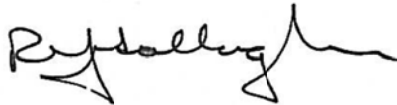
- Provided jobs to a significant percentage of the neighbouring population
- Annual expenditure directly benefitting the surrounding area of approximately US\$40M
- Cleaned up mining waste abandoned by previous miners
- Developed a nursery that has produced more than 75,000 plants for reclamation and 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 and built a cultural centre in Cerro de San Pedro
- Provide free medical services including weekly doctor visits, ambulance service and dental care in the neighbouring village of Cerro de San Pedro and other nine communities
- Continuous investment in paving roads, installing sewage lines and building drainage systems to better the lives of local citizens

We don't speak for other Canadian mining companies but we do know that New Gold sets the bar high in bringing employment, social and environmental programs and benefits to every property we operate.

Your news release does not reflect this and we think it should.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Gallagher', with a stylized flourish at the end.

Robert Gallagher, CEO
New Gold Inc.