



Management's Discussion and Analysis

For the three months ended March 31, 2022

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 three months ended March 31, 2022.*

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 unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022 and 2021, and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the "Cautionary Note Regarding Forward-Looking Statements" section at the end of this MD&A. Readers are cautioned not to place undue reliance on forward-looking statements. All dollar figures are in U.S. dollars and tabular dollar amounts are in millions, unless otherwise noted. This MD&A has been prepared as at May 1, 2022. 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 Inc is a Canadian-focused intermediate mining company with a portfolio of two core producing assets in Canada. The assets of the Company, directly or through its subsidiaries, are comprised of the Rainy River Mine in Canada ("Rainy River") and the New Afton Mine in Canada ("New Afton"). The Company also holds a 5% equity stake in Artemis Gold Inc. ("Artemis"), and other Canadian-focused investments. New Gold's vision is to build a leading diversified intermediate gold company based in Canada that is committed to the environment and social responsibility. For further information on the Company, visit www.newgold.com.

Endnotes

Note references throughout the document are to endnotes which can be found on page 40 of this MD&A.

USE OF NON-GAAP FINANCIAL PERFORMANCE METRICS

In this MD&A, we use the following non-GAAP financial performance measures: "Total cash costs", "all-in sustaining costs" or "AISC", "adjusted net earnings/(loss)", "adjusted tax expense", "sustaining capital and sustaining leases", "growth capital", "average realized gold/copper price per ounce/pound", "open pit net mining cost per operating tonne mined", "underground net mining costs per operating tonne mined", "processing costs per tonne processed", "G&A costs per tonne", "cash generated from operations before changes in non-cash operating working capital" and "free cash flow". For a detailed description of each non-GAAP financial performance measure used in this MD&A and a detailed reconciliation to the most directly comparable measures under IFRS, please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A starting on page 26. The non-GAAP financial performance measures in this MD&A are intended to provide additional information to investors and do not have any standardized meaning under IFRS. These measures may therefore not be comparable to other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Contents

USE OF NON-GAAP FINANCIAL PERFORMANCE METRICS	2
OUR BUSINESS	2
OPERATING AND FINANCIAL HIGHLIGHTS	4
SUSTAINABILITY AND ESG	6
CORPORATE DEVELOPMENTS	7
OUTLOOK FOR 2022	7
OUR RESPONSE TO COVID-19	8
KEY PERFORMANCE DRIVERS	8
FINANCIAL RESULTS	10
REVIEW OF OPERATING MINES	15
FINANCIAL CONDITION REVIEW	21
NON-GAAP FINANCIAL PERFORMANCE MEASURES	26
ENTERPRISE RISK MANAGEMENT AND RISK FACTORS	37
CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES	38
ACCOUNTING POLICIES	38
CONTROLS AND PROCEDURES	38
END NOTES	40
CAUTIONARY NOTES	41

OPERATING AND FINANCIAL HIGHLIGHTS

OPERATING HIGHLIGHTS

	Three months ended March 31	
	2022	2021
OPERATING INFORMATION		
Gold equivalent ("eq.") (ounces) ⁽¹⁾ :		
Produced ⁽³⁾	87,696	96,026
Sold ⁽³⁾	92,536	91,818
Gold (ounces):		
Produced ⁽³⁾	68,101	66,650
Sold ⁽³⁾	70,562	63,539
Copper (millions of pounds):		
Produced ⁽³⁾	8.2	13.8
Sold ⁽³⁾	9.2	13.3
Revenue ⁽¹⁰⁾		
Gold (\$/ounce)	1,881	1,769
Copper (\$/pound)	4.26	3.62
Average realized price ⁽²⁾		
Gold (\$/ounce)	1,897	1,788
Copper (\$/pound)	4.53	3.83
Operating expenses per gold eq. ounce sold (\$/ounce) ⁽¹⁰⁾	1,029	1,022
Depreciation and depletion per gold eq. ounce sold (\$/ounce) ⁽¹⁰⁾	529	498
Total cash costs per gold eq. ounce sold (\$/ounce) ⁽²⁾	1,069	1,067
All-in sustaining costs per gold eq. ounce sold (\$/ounce) ⁽²⁾	1,778	1,550

FINANCIAL HIGHLIGHTS

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
FINANCIAL INFORMATION		
Revenue	174.7	164.9
Revenue less cost of goods sold	30.7	25.9
Net (loss) earnings	(7.8)	15.1
Adjusted net (loss) earnings ⁽²⁾	10.3	8.1
Cash generated from operations ⁽²⁾	67.8	53.3
Cash generated from operations before changes in non-cash operating working capital ⁽²⁾	66.4	63.7
Sustaining capital ⁽²⁾	52.6	35.3
Growth capital ⁽²⁾	22.9	18.5
Total mining interest capital expenditures	75.6	53.8
Total assets	2,434.6	2,221.2
Cash and cash equivalents	431.5	131.2
Long-term debt	491.5	489.6
Non-current liabilities excluding long-term debt	863.6	744.3
Share Data		
(Loss) earnings per share		
Basic (\$)	(0.01)	0.02
Diluted (\$)	(0.01)	0.02
Adjusted net (loss) earnings per basic share (\$) ⁽²⁾	0.02	0.01
Share price as at March 31 (TSX - Canadian dollars)	2.27	1.94
Weighted average outstanding shares (basic) (millions)	681.3	680.6

SUSTAINABILITY AND ESG

New Gold's Sustainability Strategy is comprised of three anchors: Environment, Indigenous Rights and Community Engagement. Under such anchors, New Gold has four sustainability focus areas: Indigenous Peoples, Tailings Management, Water and Climate. New Gold has adapted its sustainability efforts to align with the most pressing Environmental, Social and Governance ("ESG") issues facing the Company and the mining industry. As such, the Company's ESG approach continues to prioritize the health, safety and well-being of its people, and the people in the communities in which New Gold operates. The protection of its people is central to New Gold's success as the Company believes people are its greatest asset. New Gold is committed to providing training, opportunities and progression paths for its teams, and the Company actively seeks to ensure that it promotes diversity within its teams at all levels of the organization. New Gold has adopted an approach to execute on its Sustainability Strategy that aligns with ESG reporting standards.

Total recordable injury frequency rate ("TRIFR") of 0.86 in the quarter, a 75% improvement compared to the prior-year period. Four total recordable injuries in the quarter, a 79% decrease compared to the prior-year period.

There was one process water spill at New Afton in the quarter that was immediately cleaned and remediated with no anticipated long-term effects. There were no significant environmental incidents or spills at Rainy River in the quarter.

New Afton is currently commissioning its first electric haul truck, an addition to its underground electric fleet. The haul truck provides significant heat and emission reductions. New Afton is also actively supporting our people to transition to battery electric vehicles through the installation of six on-site battery electric vehicle charging stations for employee vehicles. The introduction of these vehicles and charging stations are important steps for current and future mine development and operations and greenhouse gas reduction targets.

CORPORATE DEVELOPMENTS

During the quarter, the Company filed a new Technical Report for the Rainy River Mine which provided an update on the open pit and expanded underground mine plans. The life of mine ("LOM") was extended to 2031 with the conversion of an additional 569,000 gold ounces in the underground main zones to Mineral Reserves. The remaining open pit will be mined using an optimized selective mining approach which, combined with stockpile movement, leads to a smoother, more sustainable mill grade and gold production profile, before transitioning to a cost-effective batch processing underground operation. The updated Technical Report was prepared using the Mineral Reserves and Mineral Resources as at December 31, 2021 (please refer to the Company's March 31, 2022 press release "New Gold Files Updated Technical Report For The Rainy River Mine" for further information).

During the quarter, the Company announced the appointment of Patrick Godin as Chief Operating Officer.

In April 2022, the Company issued a notice of redemption to redeem the \$100.0 million aggregate principal amount of outstanding 2025 Notes on May 15, 2022. The redemption will be funded with cash on hand. (Please refer to the Company's April 11, 2022 press release "New Gold Announces Redemption of its Remaining Outstanding 6.375% Senior Notes" for further information).

OUTLOOK 2022

The operational outlook for the Company 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 outlook. Please see the Cautionary Note Regarding Forward-Looking Statements at the end of this MD&A.

New Gold continues to advance its objectives with a focus on delivering on its 2022 plan and securing and extending the Company's longer-term future. Rainy River delivered solid total gold production despite an increase in COVID-19 cases and during a quarter in which capitalized waste stripping was prioritized. During the quarter, the Company faced the inflationary challenges experienced across the industry while also benefitting from a weaker Canadian dollar. The Company currently expects to deliver on its 2022 guidance and its operations continue to review optimization opportunities and assess cost reduction initiatives to mitigate inflationary pressures.

New Gold also continued to advance its longer-term priorities, including advancing the development of the Intrepid underground zone at Rainy River and the B3 ramp-up and C-Zone development at New Afton.

Details of the Company's 2022 guidance is available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov, and on the Company's website at www.newgold.com/news-releases.

OUR RESPONSE TO COVID-19

New Gold has established a Pandemic Response and Business Plan Committee (the "Committee"), comprised of leadership from all of its locations and has developed and implemented pre-screening and business continuity plans for each of its operations. The Committee was established to ensure that New Gold is assessing all potential risks associated with COVID-19 and developing viable contingency plans that will enable the Company to stay ahead of, and mitigate, any potential safety and health risks for its employees and members of its surrounding and host communities. Designated teams from relevant functions are proactively planning for various contingencies and responding to changes and circumstances. New Gold is proactively preparing for the potential spread of COVID-19 to any of New Gold's operations, with specific business continuity plans in place.

For further information on the Company's COVID-19 response, visit www.newgold.com.

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 the 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 ended March 31, 2022 relative to the prior-year period, 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 three months ended March 31, 2022, New Gold's gold revenue per ounce² and average realized gold price per ounce² were \$1,881 and \$1,897, respectively, compared to the London Bullion Market ("LBMA") p.m. average gold price of \$1,877 per ounce.

Copper Prices

For the three months ended March 31, 2022, New Gold's copper revenue per pound² and average realized copper price per pound² were \$4.26 and \$4.53, respectively, compared to the average London Metals Exchange ("LME") copper price of \$4.53 per pound.

Foreign Exchange Rates

While the Company's key operations are in Canada, 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 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 spot Canadian dollar strengthened against the U.S. dollar during the first quarter of 2022. The average value of the Canadian dollar against the average value of the U.S. dollar for the three months ended March 31, 2022 was consistent when compared to the prior-year period. 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.

For an analysis of the impact of foreign exchange fluctuations on operating costs, refer to the relevant sections for Rainy River and New Afton under the heading "Review of Operating Mines".

Economic Outlook

The LBMA p.m. gold price increased by 8% during the first quarter of 2022 relative to the prior quarter, finishing the quarter at \$1,942 per ounce. Safe haven demand, driven by the conflict in Ukraine, and the prospects of commodity-driven inflation following Western sanctions on Russia, supported gold prices over the quarter. Gold held in exchange-traded funds increased significantly during the first quarter of 2022, reversing the trend from the prior quarters. Looking forward, further inflation concerns and geopolitical uncertainty may provide support for gold prices.

Prospects for gold are impacted 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. 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 gold and precious metals and believes the prospects for the business are favourable.

The LME cash copper prices increased by 7% during the first quarter of 2022 relative to the prior quarter, finishing the quarter at \$4.69 per pound. Copper prices reached an all-time high over the quarter on continued tight supply for spot copper amid shrinking exchange inventories. Low global inventories, supply disruption concerns, and a favorable long-term fundamental outlook offset the potential of stalling global growth from the impact of the conflict in Ukraine and a global monetary policy tightening cycle. Over the longer-term, continued growth in the global economy could increase demand for copper and provide support for copper prices.

Inflationary pressures continue to be felt from the impact of the COVID-19 pandemic on supply chains and the ongoing conflict in Ukraine. Inflation is additionally impacted by various macroeconomic factors and can affect the cost of labour and key consumables.

FINANCIAL RESULTS

Summary of Financial Results

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
FINANCIAL RESULTS		
Revenue	174.7	164.9
Operating expenses	95.2	93.9
Depreciation and depletion	48.8	45.1
Revenue less cost of goods sold	30.7	25.9
Corporate administration	5.5	5.3
Share-based payment expenses	1.6	(1.1)
Exploration and business development	5.2	2.1
Income from operations	18.4	19.6
Finance income	0.2	0.1
Finance costs	(7.6)	(9.4)
Other gains and losses		
Loss on foreign exchange	(2.2)	(0.7)
Loss on disposal of assets	(2.0)	(0.2)
Gain (loss) on revaluation of investments	0.1	(8.3)
Unrealized (loss) gain on revaluation of non-current derivative financial liabilities	(14.0)	18.7
Loss on revaluation of copper price option contracts	—	(1.2)
Revaluation of CSP's reclamation and closure cost obligation	(0.5)	(0.5)
Financial instrument transaction costs	—	(0.2)
Flow through share premium	—	1.7
Other	0.3	(0.6)
(Loss) earnings before taxes	(7.3)	19.0
Income tax (expense) recovery	(0.5)	(3.9)
Net (loss) earnings	(7.8)	15.1
Adjusted net earnings ⁽²⁾	10.3	8.1

Revenue

For the three months ended March 31, 2022, the increase in revenue relative to the prior-year period was due to higher gold and copper prices and higher gold sales volume, partially offset by lower copper sales volume. A detailed discussion of production is included in the "Review of Operating Mines" section of this MD&A.

Operating expenses

For the three months ended March 31, 2022, operating expenses were consistent with 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 three months ended March 31, 2022, depreciation and depletion increased when compared to the prior-year period due to higher gold equivalent¹ sales.

Revenue less cost of goods sold

For the three months ended March 31, 2022, revenue less costs of goods sold increased when compared to the prior-year period due to higher gold and copper prices and higher gold sales volume, partially offset by lower copper sales volume.

Corporate administration

For the three months ended March 31, 2022, corporate administration, was consistent compared to the prior-year period.

Exploration and business development

For the three months ended March 31, 2022, exploration and business development expenses increased when compared to the prior-year period primarily due to increased exploration activity at New Afton.

Share-based payment expenses

For the three months ended March 31, 2022, share-based payment expenses increased when compared with the prior-year period due to a lower New Gold share price in the prior year-period resulting in a lower expense in that period.

Finance costs

For the three months ended March 31, 2022, finance costs decreased as a result of additional capitalized interest at New Afton when compared to the prior-year period.

Other gains and losses**Foreign exchange**

Movements in foreign exchange are primarily due to the revaluation of monetary assets and liabilities as at the balance sheet date and the appreciation or depreciation of the Canadian dollar when compared to the U.S. dollar in the current period.

Rainy River Gold stream obligation

For the three months ended March 31, 2022, the Company recorded an unrealized loss on the revaluation of the gold stream obligation derivative instrument of \$27.8 million. The loss was primarily driven by the updated Technical Report at Rainy River and the conversion of additional ounces.

New Afton free cash flow interest obligation

For the three months ended March 31, 2022, the Company recorded an unrealized gain on revaluation of the New Afton free cash flow interest obligation of \$13.8 million. The gain was primarily due to a higher market observable discount rate.

Unrealized gain on investments

For the three months ended March 31, 2022, the Company recorded an unrealized gain of \$0.1 million which is an increase when compared to the prior year-period due to an increase in Artemis' share price.

Revaluation of CSP closure cost obligation

Cerro San Pedro ("CSP") 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 reclamation expenditures.

The other gains and losses listed above are added back for the purposes of calculating adjusted net earnings². Adjusted net earnings² is a non-GAAP financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Please refer to the "Non-GAAP Financial Performance Measures" section of this MD&A.

Income tax

The current income tax expense and prior-year income tax expense relates primarily to current and deferred mineral taxes in the period. Income tax expense for the three months ended March 31, 2022 decreased due to a decrease in British Columbia mining tax due to lower revenue at New Afton in the period.

On an adjusted net earnings² basis, the adjusted tax expense² for the three months ended March 31, 2022, was \$0.7 million, compared to \$2.2 million in the prior year. The adjusted tax expense² excludes the tax impact of other gains and losses on the consolidated income statement. Adjusted tax expense² is a non-GAAP financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

Net (Loss) earnings

For the three months ended March 31, 2022, there was a net loss compared to net earnings in the prior-year period, primarily due to an unrealized loss on the revaluation of the gold stream obligation derivative resulting from the updated Technical Report for Rainy River.

Adjusted net earnings (loss)²

Net earnings (losses) have been adjusted for other gains and losses on the consolidated income statement. Key elements in other gains and losses are the fair value changes for the gold stream obligation, fair value changes for the free cash flow interest obligation, fair value changes for copper price option contracts, foreign exchange gains/loss and fair value changes in investments. The adjusted entries are also impacted by tax expenses to the extent that the underlying entries are impacted for tax in the unadjusted net earnings. Adjusted net earnings is a non-GAAP financial performance measure that does

not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

For the three months ended March 31, 2022, adjusted net earnings² increased over the prior-year period due to higher revenues, partially offset by higher depreciation and depletion and exploration.

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.

Key Quarterly Operating and Financial Information

Selected financial and operating information for the current and previous quarters is as follows:

<i>(in millions of U.S. dollars, except where noted)</i>	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
OPERATING INFORMATION									
Gold production from operations (ounces) ⁽⁴⁾	68,101	81,072	72,210	66,989	66,650	83,096	78,959	64,294	66,790
Gold sales from operations (ounces) ⁽⁴⁾	70,562	78,745	66,982	68,184	63,539	86,491	75,760	60,853	68,773
Revenue	174.7	202.6	179.8	198.2	164.9	198.9	173.7	128.5	142.3
Net (loss) income	(7.8)	150.9	(11.3)	(15.8)	16.8	(21.1)	15.7	(45.6)	(28.3)
Per share:									
Basic (\$)	(0.01)	0.22	(0.02)	(0.02)	0.02	(0.03)	0.02	(0.07)	(0.04)
Diluted (\$)	(0.01)	0.22	(0.02)	(0.02)	0.02	(0.03)	0.02	(0.07)	(0.04)

REVIEW OF OPERATING MINES

Rainy River Mine, Ontario, Canada

Rainy River is a gold mine located in Northwestern Ontario, Canada approximately 50 kilometres northwest of Fort Frances, a town of approximately 8,000 people.

A summary of Rainy River's operating results is provided below.

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
OPERATING INFORMATION		
Ore mined (thousands of tonnes)	1,812	3,227
Operating waste mined (thousands of tonnes)	3,168	5,908
Capitalized waste mined (thousands of tonnes)	5,745	4,493
Waste mined (thousands of tonnes)	8,913	10,400
Ratio of waste-to-ore	4.93	3.23
Ore processed (thousands of tonnes)	2,189	2,367
Average gold grade (grams/tonne)	0.92	0.80
Gold recovery rate (%)	91	89
Gold eq. (ounces) ⁽¹⁾ :		
Produced ⁽³⁾	59,895	56,513
Sold ⁽³⁾	61,684	53,577
Gold (ounces) ⁽¹⁾ :		
Produced ⁽³⁾	58,834	54,656
Sold ⁽³⁾	60,635	51,796
Gold Revenue (\$/ounce)	1,891	1,786
Average gold realized price (\$/ounce) ⁽²⁾	1,891	1,786
Open pit net mining cost per operating tonne mined ⁽²⁾	3.83	2.80
Processing cost per tonne processed ⁽²⁾	9.72	8.41
G&A cost per tonne processed ⁽²⁾	3.88	3.28
Operating expenses per gold eq. ounce sold (\$/ounce)	948	1,006
Depreciation and depletion per gold eq. ounce	628	635
Total cash costs per gold eq. ounce sold ⁽²⁾	948	1,006
All-in sustaining costs per gold eq. sold ⁽²⁾	1,592	1,586
FINANCIAL INFORMATION		
Revenue	116.6	95.8
Revenue less cost of goods sold	19.4	8.1
Capital expenditures (sustaining capital) ⁽²⁾	34.9	26.9
Capital expenditures (growth capital) ⁽²⁾	4.9	1.3
Total mining interest capital expenditures	39.8	28.2
Cash generated from operations ⁽²⁾	62.9	29.9
Free cash flow ⁽²⁾	14.6	(7.8)

Operating results

Production

First quarter gold eq.¹ production was 59,895 ounces (58,834 ounces of gold and 79,621 ounces of silver), an increase over the prior-year period due to higher gold grade and gold recovery, partially offset by lower tonnes processed. Production is expected to strengthen in the second half of the year and represent approximately 55% of the annual production.

Open pit tonnes mined per day decreased over the prior-year period due to an increase in COVID-19 cases at site in the first part of the quarter impacting equipment utilization, and cold weather conditions affecting drilling productivity. Approximately 1.8 million ore tonnes and 8.9 million waste tonnes (including 5.7 million capitalized waste tonnes) were mined from the open pit at an average strip ratio of 4.93:1. During the second half of the year, the strip ratio is expected to decrease as the mine is prioritizing capitalized waste during the colder weather months.

Tonnes milled per calendar day decreased over the prior-year period due to mechanical maintenance on both the SAG mill and crusher, and cold weather conditions impacting stockpile movement.

Revenue

For the three months ended March 31, 2022, revenue increased when compared to the prior-year period due to higher gold prices and higher sales volumes.

Revenue less cost of goods sold

For the three months ended March 31, 2022, revenue less cost of goods sold increased when compared to the prior-year period, primarily driven by higher revenues.

Operating expenses, depreciation and depletion, total cash costs, all-in sustaining costs, capital expenditures and free cash flow

Operating expense per gold eq. ounce decreased over the prior-year period primarily due to higher sales volume.

Open pit net mining costs per operating tonne mined² for the three months ended March 31, 2022, increased over the prior-year period due to a decrease in tonnes mined and an increase in diesel prices. Processing costs per tonne processed² for the three months ended March 31, 2022, increased over the prior-year period due to a decrease in tonnes milled and inflation-driven price increases in electricity, grinding media, chemicals and reagents.

Depreciation and depletion was \$628 per gold eq. ounce for the three months ended March 31, 2022, which is consistent with the prior-year period.

All-in sustaining costs² per gold eq. ounce slightly increased over the prior-year period due to higher sustaining capital spend, partially offset by higher sales volume.

Total capital and leases increased over the prior-year period due to higher sustaining and growth capital. Sustaining capital primarily related to \$20 million of capitalized waste, as well as capital maintenance, and the advancement of the annual tailings dam raise. Growth capital² primarily related to the development of the Intrepid underground zone, which advanced 512 metres.

Cash generated from operations for the three months ended March 31, 2022, increased when compared to the prior-year period primarily due to an increase in revenue and negative working capital movements in the prior-year period.

Free cash flow² for the three months ended March 31, 2022, was \$14.6 million, an increase over the prior-year period due to an increase in cash generated from operations, partially offset by higher capital spend.

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 March 31, 2022, the value of the U.S. dollar averaged \$1.27 against the Canadian dollar, which is unchanged in the prior-year period. Therefore, there was no impact on total cash costs per gold eq. ounce¹ sold relative to the prior-year period.

Exploration activities

During the first quarter of 2022, the Company completed a follow-up drilling program on the North East Trend area located approximately 15 kilometres north of Rainy River Mine and started an exploration drilling program on near-mine targets, for a total of 5,626 metres in 18 holes (17 completed and one in progress). Of these, 2,530 metres in 9 completed holes were drilled in the North East Trend area, and 3,096 metres in 9 holes (8 completed and one in progress) on priority targets near the Rainy River Mine footprint.

Geological data compilation and interpretation is underway and it is expected that the results will support the refinement of the 2022 drilling plan and help to generate new drill-ready targets.

New Afton Mine, British Columbia, Canada

The New Afton mine is located in South-Central British Columbia near Kamloops, a city of approximately 90,000 people.

A summary of New Afton's operating results is provided below.

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
OPERATING INFORMATION		
Ore mined (thousands of tonnes)	531	956
Operating waste mined (thousands of tonnes)	4	3
Capitalized waste mined (thousands of tonnes)	98	66
Waste mined (thousands of tonnes)	102	69
Ore processed (thousands of tonnes)	927	1,221
Average grade:		
Gold (grams/tonne)	0.38	0.39
Copper (%)	0.49	0.64
Recovery rate (%):		
Gold	83	79
Copper	81	80
Gold eq. (ounces) ⁽¹⁾ :		
Produced ⁽³⁾	27,800	39,512
Sold ⁽³⁾	30,852	38,241
Gold (ounces) ⁽¹⁾ :		
Produced ⁽³⁾	9,267	11,994
Sold ⁽³⁾	9,927	11,744
Copper (millions of pounds):		
Produced ⁽³⁾	8.2	13.8
Sold ⁽³⁾	9.2	13.3
Revenue		
Gold (\$/ounce)	1,818	1,698
Copper (\$/pound)	4.26	3.62
Average realized price ⁽²⁾ :		
Gold (\$/ounce)	1,935	1,799
Copper (\$/pound)	4.53	3.83
Underground net mining cost per operating tonne mined ⁽²⁾	26.51	17.75
Processing cost per tonne processed ⁽²⁾	14.68	11.84
G&A cost per tonne processed ⁽²⁾	5.41	2.99
Operating expenses per gold eq. ounce sold (\$/ounce)	1,192	1,046
Depreciation and depletion per gold eq. ounce	325	296
Total cash costs per gold eq. sold (\$/ounce) ⁽²⁾	1,313	1,153
All-in sustaining costs per gold eq. sold (\$/ounce) ⁽²⁾	1,913	1,388
FINANCIAL INFORMATION:		
Revenue	58.1	69.1
Revenue less cost of goods sold	11.3	17.8
Capital expenditures (sustaining capital) ⁽²⁾	17.7	8.4
Capital expenditures (growth capital) ⁽²⁾	18.0	17.2
Total mining interest capital expenditures	35.7	25.6
Cash generated from operations ⁽²⁾	15.1	29.2
Free cash flow ⁽²⁾	(33.2)	(1.3)

Operating results

Production

Gold eq.¹ production was 27,800 ounces (9,267 ounces of gold and 8.2 million pounds of copper), a decrease over the prior-year period due to lower tonnes processed and lower copper grade.

Underground tonnes mined per day decreased over the prior-year period due to the planned completion of Lift 1 mining activities with the exception of the recovery level, and the continued ramp-up of the B3 zone.

Tonnes milled per calendar day decreased over the prior-year period and is currently incorporating lower grade surface stockpiles to supplement the overall lower tonnes mined.

Revenue

For the three months ended March 31, 2022, revenue decreased when compared to the prior-year period due lower sales volume, partially offset by higher gold and copper prices.

Revenue less cost of goods sold

For the three months ended March 31, 2022, revenue less cost of goods sold decreased when compared to the prior-year period, primarily due to lower revenue.

Operating expenses, depreciation and depletion, total cash costs, all-in sustaining costs, capital expenditures and free cash flow.

Operating expense per gold eq. ounce increased over the prior-year period, primarily due to lower sales volume.

Underground net mining costs per operating tonne mined² and processing costs per tonne processed² for the three months ended March 31, 2022, increased due to lower tonnes mined and milled and inflation-driven price increases.

Depreciation and depletion was \$325 per gold eq. ounce for the three months ended March 31, 2022, an increase when compared to the prior-year period as a result of a higher asset base.

All-in sustaining costs² per gold eq. ounce increased over the prior-year period due to higher sustaining capital spend and lower sales volume.

Total capital and leases increased over the prior-year period, primarily due to higher sustaining capital spend. Sustaining capital primarily related to B3 mine development and tailings management and stabilization activities. Growth capital² primarily related to C-Zone development, which advanced 931 metres in the quarter.

Cash generated from operations for the three months ended March 31, 2022, decreased due to lower revenue.

Free cash flow² for the three months ended March 31, 2022, was a net outflow of \$33.2 million, a decrease over the prior-year period due to lower revenue, planned higher capital spend, and an increase in the free cash flow interest payment.

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 March 31, 2022, the value of the U.S. dollar averaged \$1.27 against the Canadian dollar, which is unchanged from the prior-year period. Therefore, there was no impact on total cash costs per gold eq. ounce¹ sold relative to the prior-year period.

Exploration activities

In the first quarter of 2022, the Company completed 10,421 metres of diamond drilling in 32 holes (27 completed and 5 in progress). Of these, 429 metres in one completed hole were surface diamond drilling on the Cherry Creek Trend area. The remaining 9,992 metres in 31 holes (26 completed and 5 in progress) were completed from underground. Of these, 713 metres in one hole were testing one of the Artificial Intelligence target areas, and 9,279 metres in 30 holes (25 completed and 5 in progress) were infill drilling on the Upper East Extension area, located directly beneath the Sub Level Cave Zone.

Geological data compilation and interpretation is underway and it is expected that the results will support the refinement of the 2022 drilling plan and help to generate new drill-ready targets.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

	As at March 31	As at December 31
<i>(in millions of U.S. dollars)</i>	2022	2021
BALANCE SHEET INFORMATION		
Cash and cash equivalents	431.5	481.5
Other current assets	206.4	204.8
Non-current assets	1,796.7	1,790.5
Total assets	2,434.6	2,476.8
Current liabilities	146.1	172.9
Non-current liabilities excluding long-term debt	863.6	857.0
Long-term debt	491.5	491.0
Total liabilities	1,501.2	1,520.9
Total equity	933.4	955.9
Total liabilities and equity	2,434.6	2,476.8

Assets

Cash and cash equivalents

The decrease in cash and cash equivalents relative to December 31, 2021 was primarily driven by interest paid and cash settlements of non-current derivative financial liabilities.

Other current assets

Other current assets primarily consist of trade and other receivables, inventories, investments, prepaid expenses, and income tax receivables. Other current assets were consistent with the period ended December 31, 2021.

Non-current assets

Non-current assets primarily consist of mining interests, which include the Company's mining properties, development projects and property, plant and equipment. The increase relative to December 31, 2021 is primarily attributable to the Company's investments in its mining interests.

Current liabilities

Current liabilities consist primarily of trade and other payables. Current liabilities decreased due to a decrease in interest payable and the current portion of New Afton free cash flow interest obligation.

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, 2021, primarily driven by the updated Technical Report at Rainy River and the conversion of additional ounces. This was partially offset by the increase in the higher market observable discount rates in the period.

The Company's free cash flow interest obligation has decreased from December 31, 2021, due to cash settlements and higher market observable discount rates in the period.

The Company's asset retirement obligations consist of reclamation and closure costs for Rainy River, New Afton and CSP. 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 March 31, 2022 was \$138.5 million relative to \$154.6 million as at December 31, 2021. The decrease was primarily driven by higher discount rates applied to the liabilities.

The deferred income tax liability increased from \$69.6 million as at December 31, 2021 to \$69.8 million at March 31, 2022. The increase in deferred income tax liability was primarily driven by deferred mineral taxes.

Long-term debt and other financial liabilities containing financial covenants

Long-term debt includes the 2025 Unsecured Notes, the 2027 Unsecured Notes (each as hereinafter defined) and the Company's revolving credit facility.

As at March 31, 2022 the Company has \$100.0 million of senior unsecured notes outstanding that mature and become due and payable on May 15, 2025 ("the 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. In April 2022, the Company issued a notice of redemption to redeem the \$100.0 million aggregate principal amount of outstanding 2025 Notes on May 15, 2022. The redemption will be funded with cash on hand.

As at March 31, 2022, the Company has \$400.0 million of senior unsecured notes outstanding that mature and become due and payable on July 15, 2027 ("the 2027 Unsecured Notes"). 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.

The 2025 Unsecured Notes and the 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.

The Company holds a revolving credit facility (the "Credit Facility") with a maturity date of December 2025 and a borrowing limit of \$400.0 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 the following three covenant tests all of which are measured on a rolling four-quarter basis at the end of every quarter:

- 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").

Significant financial covenants are as follows:

		Twelve months ended March 31	Twelve months ended December 31
	Financial covenant	2022	2021
FINANCIAL COVENANTS			
Minimum interest coverage ratio (Adjusted EBITDA to interest)	>3.0:1.0	7.4 : 1	7.2 : 1
Maximum Leverage Ratio (net debt to Adjusted EBITDA)	<4.5:1.0	0.7 : 1	0.6 : 1
Maximum Secured Leverage Ratio (secured debt to Adjusted EBITDA)	<2.0:1.0	0.1 : 1	0.1 : 1

Liquidity and Cash Flow

As at March 31, 2022, the Company had cash and cash equivalents of \$431.5 million compared to \$481.5 million as at December 31, 2021. 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 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 7 days to 90 days. As per the investment policy, the Company is not permitted to make investments in asset-backed commercial paper.

The Company's investments in marketable equity securities are exposed to various risk factors including currency risk, market price risk and liquidity risk.

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 three months ended March 31, 2022 and 2021:

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
CASH FLOW INFORMATION		
Cash generated from operating activities	67.8	53.3
Cash (used in) generated from investing activities	(81.5)	(77.1)
Cash (used in) generated from financing activities	(36.8)	(32.1)
Effect of exchange rate changes on cash and cash equivalents	0.5	0.8
Change in cash and cash equivalents	(50.0)	(55.1)

Operating Activities

For the three months ended March 31, 2021, the increase in cash generated from operating activities was due to higher revenues and negative working capital movements in the prior-year period.

The 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.

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 statement of cash flows) for the three months ended March 31, 2022:

	Three months ended March 31	
<i>(in millions of U.S. dollars)</i>	2022	2021
CAPITAL EXPENDITURES BY SITE		
Rainy River	39.8	28.1
New Afton	35.7	25.6
Other	0.1	0.1
Capital expenditures	75.6	53.8

Financing Activities

For the three months ended March 31, 2022, cash used in financing activities of \$36.8 million was primarily driven by interest payments, lease payments, gold stream obligation payments and the New Afton free cash flow payment to the Ontario Teacher's Pension Plan.

The Company's cash balance as at March 31, 2022 of \$431.5 million, together with \$375.9 million available for drawdown under the Credit Facility as at March 31, 2022, provided the Company with \$807.4 million of liquidity.

The Company is expecting to continue to advance the C-Zone development at New Afton resulting in significant capital expenditures. Assuming the stability 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 expects to be more than adequate to fund its business objectives.

Commitments

The Company has entered into a number of contractual commitments for capital items relating to operations and development. At March 31, 2022, these commitments totaled \$50.0 million, which are expected to become due over the next 12 months. This compares to commitments of \$48.3 million as at December 31, 2021. Certain contractual commitments may contain cancellation clauses; however, the Company discloses its commitments based on management's expectation 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 its financial condition, cash flow and results of operations. As at March 31, 2022, there were no contingent losses recorded.

Related Party Transactions

The Company did not enter into any reportable related party transactions during the three months ended March 31, 2022.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements during the three months ended March 31, 2022.

Outstanding Shares

As at May 1, 2022, there were 682.1 million common shares of the Company issued and outstanding. The Company had 6.8 million stock options outstanding under its share option plan, exercisable for up to an additional 6.8 million common shares.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

The Company has included certain non-GAAP financial measures in this MD&A. These measures are not defined under IFRS and should not be considered in isolation. In 2022, the Company has disclosed “total cash costs”, “all-in sustaining costs” or “AISC”, “adjusted net earnings/(loss)”, “adjusted tax expense”, “sustaining capital and sustaining leases”, “growth capital”, “average realized gold/copper price per ounce/pound”, “open pit net mining cost per operating tonne mined”, “underground net mining costs per operating tonne mined”, “processing costs per tonne processed”, “G&A costs per tonne”, “cash generated from operations, before changes in non-cash operating working capital” and “free cash flow” as non-GAAP financial performance measures. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company.

Total Cash Costs per Gold Equivalent Ounce

“Total cash costs per gold equivalent ounce” is a non-GAAP financial performance measure that is a common financial performance measure in the gold mining industry but does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. 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, this measure, along with sales, is a key indicator of the Company’s ability to generate operating earnings and cash flow from its mining operations. This measure allows investors to better evaluate corporate performance and the Company’s ability to generate liquidity through operating cash flow to fund future capital exploration and working capital needs.

This measure is intended to provide additional information only and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure is not necessarily indicative of cash generated 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, and 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.

Notwithstanding the impact of copper and silver sales, as the Company is 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 business. To determine the relevant costs associated with gold

equivalent ounces, New Gold believes it is appropriate to reflect all operating costs incurred in its operations.

Sustaining Capital and Sustaining Lease

"Sustaining capital" and "sustaining lease" are non-GAAP financial performance measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. New Gold defines "sustaining capital" as net capital expenditures that are intended to maintain operation of its gold producing assets. Similarly, a "sustaining lease" is a lease payment that is sustaining in nature. To determine "sustaining capital" expenditures, New Gold uses cash flow related to mining interests from its consolidated 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. These measures are intended to provide additional information only and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS.

Growth Capital

"Growth capital" is a non-GAAP financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. New Gold considers 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 consolidated 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. This measure is intended to provide additional information only and 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 financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. New Gold calculates "all-in sustaining costs per gold equivalent ounce" 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 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 that "all-in sustaining costs per gold equivalent ounce" 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 costs presented under IFRS.

New Gold defines "all-in sustaining costs per gold equivalent ounce" as the sum of total cash costs, net of 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 "Sustaining Capital Expenditure Reconciliation" table below 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 All-in Sustaining Costs per Gold Equivalent Ounce Reconciliation Tables

The following tables reconcile each of the non-GAAP financial performance measures described above to the most directly comparable IFRS measure on an aggregate and mine-by-mine basis.

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
CONSOLIDATED OPEX, CASH COST AND AISC RECONCILIATION		
Operating expenses	95.2	93.9
Gold equivalent ounces sold ⁽¹⁾	92,536	91,818
Operating expenses per gold equivalent ounce sold (\$/ounce) ⁽¹⁰⁾	1,029	1,022
Operating expenses	95.2	93.9
Treatment and refining charges on concentrate sales	3.7	4.1
Total cash costs	99.0	98.0
Gold equivalent ounces sold ⁽¹⁾	92,536	91,818
Total cash costs per gold equivalent ounce sold (\$/ounce)	1,069	1,067
Sustaining capital expenditures ⁽⁵⁾⁽⁷⁾	52.5	35.1
Sustaining exploration - expensed	0.3	0.3
Sustaining leases	2.6	2.7
Corporate G&A including share-based compensation ⁽⁶⁾	6.9	3.8
Reclamation expenses	3.3	2.3
Total all-in sustaining costs	164.6	142.3
Gold equivalent ounces sold ⁽¹⁾	92,536	91,818
All-in sustaining costs per gold equivalent ounce sold (\$/ounce)	1,778	1,550

Three months ended March 31

<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
RAINY RIVER OPEX, CASH COSTS AND AISC RECONCILIATION		
Operating expenses	58.4	53.9
Gold equivalent ounces sold ⁽¹⁾	61,684	53,577
Operating expenses per unit of gold sold (\$/ounce)	948	1,006
Operating expenses	58.4	53.9
Total cash costs	58.5	53.9
Gold equivalent ounces sold ⁽¹⁾	61,684	53,577
Total cash costs per gold equivalent ounce sold (\$/ounce)	948	1,006
Sustaining capital expenditures ⁽⁵⁾⁽⁷⁾	34.8	26.8
Sustaining leases	2.3	2.5
Reclamation expenses	2.6	1.8
Total all-in sustaining costs	98.2	85.0
Gold equivalent ounces sold ⁽¹⁾	61,684	53,577
All-in sustaining costs per gold equivalent ounce sold (\$/ounce)	1,592	1,586

Three months ended March 31

<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
NEW AFTON OPEX, CASH COSTS AND AISC RECONCILIATION		
Operating expenses	36.8	40.0
Gold equivalent ounces sold ⁽¹⁾	30,852	38,241
Operating expenses per unit of gold sold (\$/ounce)	1,192	1,046
Operating expenses	36.8	40.0
Treatment and refining charges on concentrate sales	3.7	4.1
Total cash costs	40.5	44.1
Gold equivalent ounces sold ⁽¹⁾	30,852	38,241
Total cash costs per gold equivalent ounce sold (\$/ounce)	1,313	1,153
Sustaining capital expenditures ⁽⁵⁾	17.7	8.3
Sustaining leases	0.1	0.1
Reclamation expenses	0.7	0.5
Total all-in sustaining costs	59.0	53.1
Gold equivalent ounces sold ⁽¹⁾	30,852	38,241
All-in sustaining costs per gold equivalent ounce sold (\$/ounce)	1,913	1,388

Open Pit Net Mining Cost per Operating Tonne Mined, Underground Net Mining Costs per Operating Tonne Mined, Processing Costs per Tonne Processed and G&A Cost per Tonne Processed

“Open pit net mining cost per operating tonne mined,” “underground net mining costs per operating tonne mined,” “processing costs per tonne processed” and “G&A cost per tonne processed” are non-GAAP financial measures with no standard meaning under IFRS. “Open pit net mining cost per operating tonne mined”, “underground net mining costs per operating tonne mined”, “processing costs per tonne processed”, “G&A costs per tonne” are defined as operating expenses less change in inventories, selling costs, royalties and other non production costs, as these costs are not directly related to tonnes mined or milled, and then dividing the residual respective mining, processing or G&A costs by tonnage of ore mined or processed. New Gold believes this non-GAAP financial measure provides further transparency and assists analysts, investors and other stakeholders of the Company in assessing the performance of mining operations, eliminating the impact of varying production levels. This measure does not have a 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 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 March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
RAINY RIVER COST PER TONNE		
Operating expenses	58.4	53.9
Change in inventory, selling costs and royalties and other	(9.7)	(0.7)
Production costs	48.8	53.2
Mining costs	19.0	25.5
Processing costs	21.3	19.9
Site G&A costs	8.5	7.8
Ore and operating waste tonnes mined (thousands of tonnes)	4,970	9,119
Ore processed (thousands of tonnes)	2,189	2,367
Open pit net mining cost per operating tonne mined (\$/tonne)	3.83	2.80
Processing costs per tonne processed (\$/tonne)	9.72	8.41
G&A cost per tonne processed (\$/tonne)	3.88	3.28

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
NEW AFTON COST PER TONNE		
Operating expenses	36.8	40.0
Change in inventory, ore purchase costs, selling costs and royalties and other	(4.0)	(4.9)
Production costs	32.8	35.1
Mining costs	14.2	17.0
Processing costs	13.6	14.4
Site G&A costs	5.0	3.6
Ore and operating waste tonnes mined (thousands of tonnes)	535	959
Ore processed (thousands of tonnes)	927	1,221
Underground net mining costs per operating tonne mined (\$/tonne)	26.51	17.75
Processing costs per tonne processed (\$/tonne)	14.68	11.84
G&A cost per tonne processed (\$/tonne)	5.41	2.99

Sustaining Capital Expenditures Reconciliation Table

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
TOTAL SUSTAINING CAPITAL EXPENDITURES		
Mining interests per consolidated statement of cash flows	75.6	53.8
New Afton growth capital expenditures ⁽⁶⁾	(18.0)	(17.2)
Rainy River growth capital expenditures ⁽⁶⁾	(4.9)	(1.3)
Sustaining capital expenditures	52.7	35.3

Adjusted Net Earnings and Adjusted Net Earnings per Share

“Adjusted net earnings” and “adjusted net earnings per share” are non-GAAP financial performance measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. “Adjusted net earnings” and “adjusted net earnings per share” exclude “other gains and losses” as per Note 3 of the Company’s consolidated financial statements.

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, fair value changes for copper price option contracts, foreign exchange gains/loss and fair value changes in investments. The income tax adjustments reflect the tax impact of the above adjustments and is referred to as “adjusted tax expense”.

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 investors to better understand the underlying operating performance of the Company’s 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 New Gold's business and a review of the non-GAAP financial performance measures used by mining industry analysts and other mining companies. "Adjusted net earnings" and "adjusted net earnings per share" are intended to provide additional information only and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. The following table reconciles these non-GAAP financial performance measures to the most directly comparable IFRS measure.

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
ADJUSTED NET EARNINGS (LOSS) RECONCILIATION		
(Loss) earnings before taxes	(7.3)	19.0
Other (gains) losses ⁽⁹⁾	18.3	(8.7)
Adjusted net earnings before taxes	11.0	10.3
Income tax expense	(0.5)	(3.9)
Income tax adjustments	(0.2)	1.7
Adjusted income tax expense ²	(0.7)	(2.2)
Adjusted net earnings	10.3	8.1
Adjusted net earnings per share (basic and diluted) (\$/share)	0.02	0.01

Cash Generated from Operations, before Changes in Non-Cash Operating Working Capital

"Cash generated from operations, before changes in non-cash operating working capital" is a non-GAAP financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies. "Cash generated from operations, before changes in non-cash operating working capital" excludes changes in non-cash operating working capital. New Gold believes this non-GAAP financial measure provides further transparency and assists analysts, investors and other stakeholders of the Company in assessing the Company's ability to generate cash from its operations before temporary working capital changes.

Cash generated from operations, before non-cash changes in working capital is intended to provide additional information only and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure is not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. The following table reconciles this non-GAAP financial performance measure to the most directly comparable IFRS measure.

	Three months ended March 31	
<i>(in millions of U.S. dollars)</i>	2022	2021
CASH RECONCILIATION		
Cash generated from operations	67.8	53.3
Change in non-cash operating working capital	(1.4)	10.4
Cash generated from operations, before changes in non-cash operating working capital	66.4	63.7

Free Cash Flow

"Free cash flow" is a non-GAAP financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. New Gold defines "free cash flow" as cash generated from operations and proceeds of sale of other assets less capital expenditures on mining interests, lease payments, settlement of non-current derivative financial liabilities which include the gold stream obligation and the Ontario Teachers' Pension Plan free cash flow interest. New Gold believes this non-GAAP financial performance measure provides further transparency and assists analysts, investors and other stakeholders of the Company in assessing the Company's ability to generate cash flow from current operations. "Free cash flow" is intended to provide additional information only and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure is not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. The following tables reconcile this non-GAAP financial performance measure to the most directly comparable IFRS measure on an aggregate and mine-by-mine basis.

	Three months ended March 31, 2022			
<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	Other	Total
FREE CASH FLOW RECONCILIATION				
Cash generated from operations	62.9	15.1	(10.3)	67.8
Less Mining interest capital expenditures	(39.9)	(35.8)	—	(75.6)
Add Proceeds of sale from other assets	0.1	—	—	0.1
Less Lease payments	(2.3)	(0.1)	(0.1)	(2.5)
Less Cash settlement of non-current derivative financial liabilities	(6.2)	(12.4)	—	(18.6)
Free Cash Flow	14.6	(33.2)	(10.4)	(28.8)

Three months ended March 31, 2021

(in millions of U.S. dollars)

	Rainy River	New Afton	Other	Total
FREE CASH FLOW RECONCILIATION				
Cash generated from operations	29.9	29.2	(5.8)	53.3
Less Mining interest capital expenditures	(28.1)	(25.6)	(0.1)	(53.8)
Add Proceeds of sale from other assets	—	0.1	—	0.1
Less Lease payments	(2.5)	(0.1)	(0.1)	(2.7)
Less Cash settlement of non-current derivative financial liabilities	(7.1)	(4.9)	—	(12.0)
Free Cash Flow	(7.8)	(1.3)	(6.0)	(15.1)

Average Realized Price

“Average realized price per ounce of gold sold” is a non-GAAP financial performance measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies. Management uses this measure to better understand the price realized in each reporting period for gold sales. “Average realized price per ounce of gold sold” is intended to provide additional information only and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables reconcile this non-GAAP financial performance measure to the most directly comparable IFRS measure on an aggregate and mine-by-mine basis.

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
TOTAL AVERAGE REALIZED PRICE		
Revenue from gold sales	132.8	112.4
Treatment and refining charges on gold concentrate sales	1.2	1.2
Gross revenue from gold sales	134.0	113.6
Gold ounces sold	70,562	63,539
Total average realized price per gold ounce sold (\$/ounce)	1,897	1,788

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
RAINY RIVER AVERAGE REALIZED PRICE		
Revenue from gold sales	114.7	92.5
Gold ounces sold	60,635	51,796
Rainy River average realized price per gold ounce sold (\$/ounce)	1,891	1,786

	Three months ended March 31	
<i>(in millions of U.S. dollars, except where noted)</i>	2022	2021
NEW AFTON AVERAGE REALIZED PRICE		
Revenue from gold sales	18.1	19.9
Treatment and refining charges on gold concentrate sales	1.2	1.2
Gross revenue from gold sales	19.3	21.1
Gold ounces sold	9,927	11,744
New Afton average realized price per gold ounce sold (\$/ounce)	1,935	1,799

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. For a comprehensive discussion of these and other risks facing the Company, please refer to the section entitled "Risk Factors" in the Company's most recent Annual Information Form and the section entitled "Enterprise Risk Management" in the Company's Management's Discussion and Analysis for the year ended December 31, 2021, both of which are filed on SEDAR at www.sedar.com. There were no significant changes to those risks or to the Company's management of exposure to those risks for the three months ended March 31, 2022.

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 Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2021.

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, 2021 and have been consistently applied in the preparation of the unaudited condensed consolidated financial statements.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, under the supervision of its President and Chief Executive Officer and its 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, 2021. Based on that evaluation, the Company's President and Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, 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 its 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 IFRS. New Gold's management assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2021 based on the Integrated Framework (2013) issued by the Committee of Sponsoring Organization of the Treadway Commission and has concluded that New Gold's internal controls over financial reporting are effective as of December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 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, 2021.

Limitations of Controls and Procedures

The Company's management, including its President and Chief Executive Officer and its 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 may 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.

END NOTES

1. Total gold eq. ounces include silver and copper produced/sold converted to a gold equivalent. All copper is produced/sold by the New Afton Mine. Gold eq. ounces for Rainy River in Q1 2022 includes production of 79,621 ounces of silver (78,640 ounces sold) converted to a gold eq. based on a ratio of \$1,800 per gold ounce and \$24.00 per silver ounce used for 2022 guidance estimates. Gold eq. ounces for New Afton in Q1 2022 includes 8.2 million pounds of copper produced (9.2 million pounds sold) and 29,890 ounces of silver produced (32,575 ounces of silver sold) converted to a gold eq. based on a ratio of \$1,800 per gold ounce, 4.00 per copper pound and \$24.00 per silver ounce used for 2022 guidance estimates.
2. "Total cash costs", "all-in sustaining costs", "adjusted net earnings/(loss)", "adjusted tax expense", "sustaining capital and sustaining leases", "growth capital", "average realized gold/copper price per ounce/pound", "open pit net mining cost per operating tonne mined", "underground net mining costs per operating tonne mined", "processing costs per tonne processed" "G&A costs per tonne", "cash generated from operations before changes in non-cash operating working capital" and "free cash flow" are all non-GAAP financial performance measures that are used in this MD&A. These measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. For more information about these measures, why they are used by the Company, and a reconciliation to the most directly comparable measure under IFRS, see the "Non-GAAP Financial Performance Measures" section of this MD&A.
3. 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.
4. A detailed discussion of production is included in the "Review of Operating Mines" section of this MD&A.
5. See "Sustaining Capital Expenditures Reconciliation Table" for a reconciliation of sustaining capital expenditures to mining interests per the consolidated statement of cash flows.
6. 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.
7. Sustaining capital expenditures are net of proceeds from disposal of assets.
8. 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 period relate to underground development.
9. Please refer to Note 3 of the Company's unaudited condensed consolidated interim financial statements for a detailed breakdown of other gains and losses.
10. These are supplementary financial measures which are calculated as follows: "revenue per ounce and pound sold" is total revenue divided by total gold ounces sold and copper pounds sold, "Operating expenses per gold eq. ounce sold" is total operating expenses divided by total gold equivalent ounces

sold and "depreciation and depletion per gold eq. ounce sold" is total depreciation and depletion divided by total gold equivalent ounces sold.

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 MD&A 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 2022", "Our Response to COVID-19" 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 2022; the anticipated mining approach at Rainy River and mill grade and gold production profile resulting therefrom; the redemption of the 2025 Unsecured Notes and the funding thereof; the current and future financial performance of the Company as it relates to the prevailing price of gold; production expectations during the second half of the year at Rainy River; the anticipated decrease in the strip ratio during the second half of the year at Rainy River; the anticipated refining of the 2022 drilling plan and generation of new drill-ready targets at Rainy River and New Afton; the advancement of the B3 ramp-up and C-Zone development at New Afton and the capital expenditures resulting therefrom; anticipated factors impacting the Company's liquidity and the continued review thereof; the continuation of prevailing commodity prices and exchange rates, and the continuation of operations performing in accordance with mine plans; the Company's ability to implement its near-term operational plan and to repay future indebtedness; the Company's expectations regarding its liquidity position and its ability to fund its business objectives; the anticipated timing with respect to the Company's contractual commitments becoming due; the sufficiency of the Company's financial performance measures in evaluating the underlying performance of the Company; expectations regarding the management and

mitigation of risk factors and the possible impacts on the Company; the Company's continued focus on the health, safety and well-being of its people; and the Company's ability to reduce the risk of the spread of COVID-19.

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 NI 43-101 Technical Reports on the Rainy River Mine and New Afton Mine filed on SEDAR 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 and the grade of gold, silver and copper expected to be mined; (4) the exchange rate between the Canadian dollar and U.S. dollar, and to a lesser extent, the Mexican Peso, and commodity prices being approximately consistent with current levels and expectations; (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 Indigenous groups in respect of the New Afton Mine and Rainy River Mine 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 and the absence of material negative comments or obstacles during the applicable regulatory processes; (9) there being no significant disruptions to the Company's workforce at either the Rainy River Mine or New Afton Mine due to cases of COVID-19 (including any required self-isolation due to cross-border travel, exposure to a case of COVID-19 or any other reason) or otherwise; (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's anticipated course of action at the New Afton Mine and Rainy River Mine; and (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.

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: price volatility in the spot and forward markets for metals and other commodities; discrepancies between actual and estimated production, between actual and estimated costs, between actual and estimated Mineral Reserves and Mineral Resources and between actual and estimated metallurgical recoveries; equipment malfunction, failure or unavailability; accidents; risks related to early production at the Rainy River Mine, including failure of equipment, machinery, the process circuit or other processes to perform as designed or intended; 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 C-Zone; uncertainties and unanticipated delays

associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements, including those associated with the C-Zone permitting process; changes in project parameters as plans continue to be refined; changing costs, timelines and development schedules as it relates to construction; the Company not being able to complete its construction projects at the Rainy River Mine or the New Afton Mine on the anticipated timeline or at all; volatility in the market price of the Company's securities; changes in national and local government legislation in the countries in which New Gold does or may in the future carry on business; controls, regulations and political or economic developments in the countries in which New Gold does or may in the future carry on business; the Company's dependence on the Rainy River Mine and New Afton Mine; the Company not being able to complete its exploration drilling programs on the anticipated timeline or at all; disruptions to the Company's workforce at either the Rainy River Mine or the New Afton Mine, or both, due to cases of COVID-19 or any required self-isolation (due to cross-border travel, exposure to a case of COVID-19 or otherwise); 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 Mine or New Afton Mine; significant capital requirements and the availability and management of capital resources; additional funding requirements; diminishing quantities or grades of Mineral Reserves and Mineral Resources; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the Technical Reports for the Rainy River Mine and New Afton Mine; impairment; unexpected delays and costs inherent to consulting and accommodating rights of First Nations and other indigenous groups; climate change, environmental risks and hazards and the Company's response thereto; tailings dam and structure failures; actual results of current exploration or reclamation activities; 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; global economic and financial 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; compliance with debt obligations and maintaining sufficient liquidity; taxation; fluctuation in treatment and refining charges; transportation and processing of unrefined products; rising costs or availability of labour, supplies, fuel and equipment; adequate infrastructure; relationships with communities, governments and other stakeholders; geotechnical instability and conditions; labour disputes; the uncertainties inherent in current and future legal challenges to which New Gold is or may become a party; defective title to mineral claims or property or contests over claims to mineral properties; competition; loss of, or inability to attract, key employees; use of derivative products and hedging transactions; counterparty risk and the performance of third party service providers; investment risks and uncertainty relating to the value of equity investments in public companies held by the Company from time to time; the adequacy of internal and disclosure controls; conflicts of interest; the lack of certainty with respect to foreign operations and 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 successful acquisitions and integration of business arrangements and realizing the intended benefits therefrom; and information systems security threats. In addition, there are risks and hazards associated with the business of mineral exploration, development, construction, operation 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 on SEDAR 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 in this MD&A has been reviewed and approved by Mr. Eric Vinet, Senior Vice President, Operation. Mr. Vinet is a Professional Engineer and member of the Ordre des ingénieurs du Québec. Mr. Vinet is a "Qualified Person" for the purposes of NI 43-101. To the Company's knowledge, Mr. Vinet holds less than 1% of the outstanding securities of the Company.