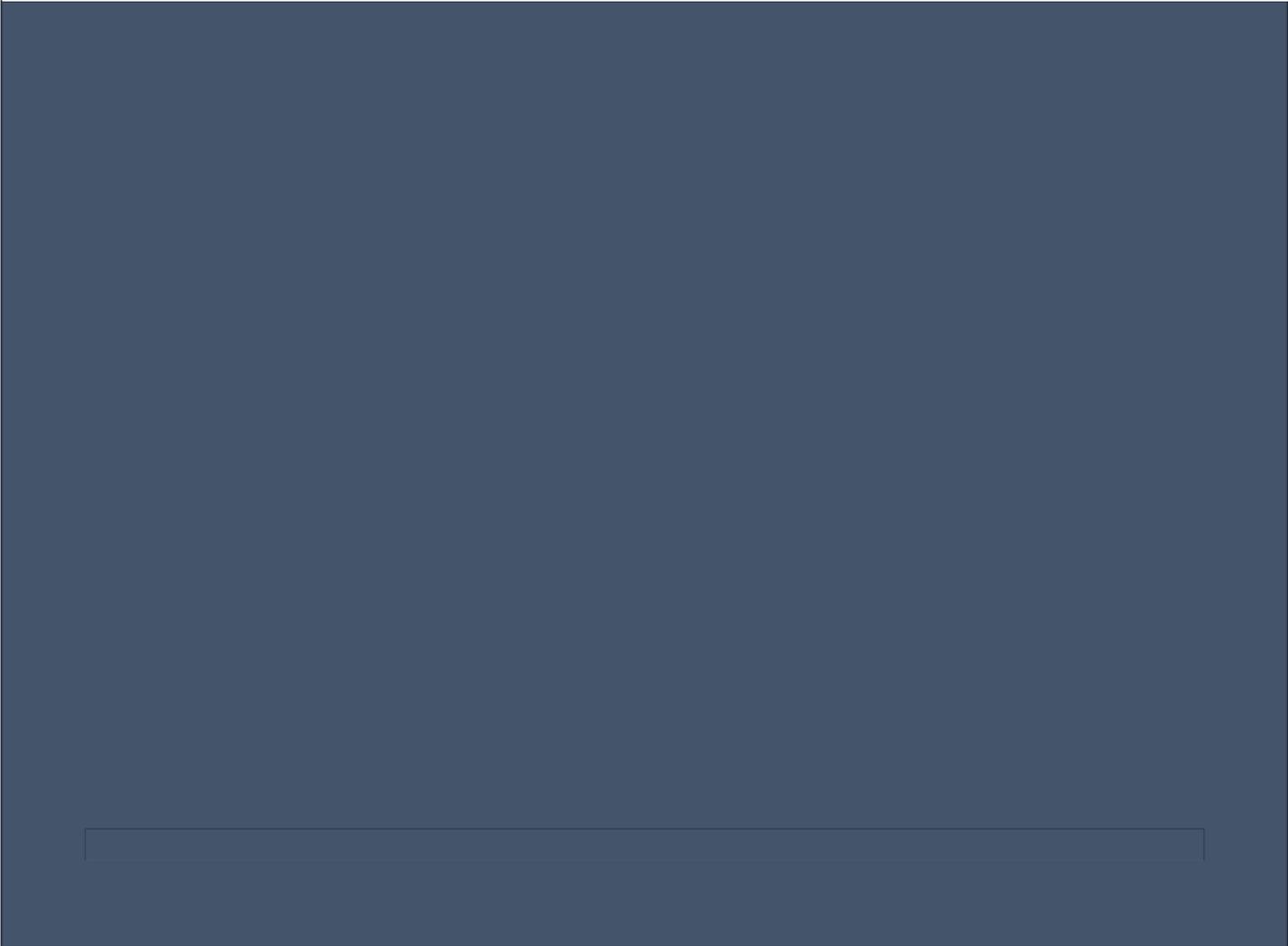




APPENDIX A
ANNUAL COMPLIANCE REPORT
CONDITION REQUIREMENTS
CONDITION 8.0



8.0 Subsection 5(2) effects related to components of the Designated Project that may be associated with federal authorizations

8.1.1 The proponent shall, in implementing condition 3.7, take measures to avoid or lessen adverse effects: on migratory birds and their habitats.

Status: Ongoing

Supporting Analysis

In order to lessen adverse effects on migratory birds and their habitats New Gold has implemented the following activities during the first year of construction (2015) and continued to carry these tasks through 2017;

- Establishment of compensation-related habitat and a monitoring and maintenance plan has been initiated (barn swallow nesting boxes and compensation lands);
- New Gold RRM is aware and has taken extra care with regards to the potential for effects on migratory birds during nesting periods. All employees receive Species at Risk training and information regarding nesting birds and the migratory bird act during site orientation. Frequent site wide radio announcements and information bulletins are also shared;
- 71 bird sweeps occurred in 2017 as a precautionary measure to ensure birds were not nesting in proposed areas for construction. A bird sweep is a method of walking a grid system in a proposed construction work zone to ensure that no birds are nesting in the area prior to the commencement of work. A sweep is valid for 72 hours;
- Mitigation measures used to deter birds from nesting in construction zones or landing on the Tailings Management Area include; deterrent cannons, netting over uninstalled pipes, culverts and openings, and 10,000 stakes with reflective tape were installed to deter birds from future work areas;
- No tree clearing occurred during the breeding bird window (April to August).

Monitoring of the success of the diversion structures and fish habitat compensation will be monitored over the next five years as part of the Department of Fisheries and Oceans Authorization. In the event that maintenance activities are required this condition will be reviewed for appropriate mitigation strategies.

8.1.2 The proponent shall, in implementing condition 3.7, take measures to avoid or lessen adverse effects: on terrestrial species, including amphibians and reptiles, and their habitats.

Status: Ongoing

Supporting Analysis:

The commissioning of the Teeple Diversion system commenced in 2016 followed by the commissioning of West Creek Diversion and Clark Creek Diversion in mid-2017. During the construction of the Teeple and Clark pond turtle basking areas were developed using rocks and trees. Since the start of construction New Gold has obtained an annual Wildlife Scientific

Collectors Authorization (Licence No. 1085813) from the Ministry of Natural Resources and Forestry which allows for the live trapping and relocation of turtles and snakes that are found in areas where they will be impacted by construction activities. During 2017 the licence was not utilized. New Gold will be applying for the licence in 2018.

Monitoring of the success of the diversion structures and fish habitat compensation will be monitored over the next five years as part of the Department of Fisheries and Oceans Authorization. In the event that maintenance activities are required this condition will be reviewed for appropriate mitigation strategies.

8.1.3 The proponent shall, in implementing condition 3.7, take measures to avoid or lessen adverse effects: On species at risk (SAR) and their habitats.

Status: Ongoing

Supporting Analysis:

SAR are considered in all aspects of Mine activities and an assessment of SAR and their habitats in relation to the RRM can be found in the 2017 SAR report (See IPT-0054 Rev B).

During the early construction stages of the diversions New Gold retained qualified biologists to conduct fish salvage programs on the creeks and wetlands that would be altered as part of the diversion design. A component of the salvage program was to identify species found. During the 2015 and 2016 salvages no SAR species were identified.

Monitoring of the success of the diversion structures and fish habitat compensation will be monitored over the next five years as part of the Department of Fisheries and Oceans Authorization. In the event that maintenance activities are required this condition will be reviewed for appropriate mitigation strategies.

8.1.4 The proponent shall, in implementing condition 3.7, take measures to avoid or lessen adverse effects: on current use of lands and resources for traditional purposes by Aboriginal peoples.

Status: Ongoing

Supporting Analysis:

The construction of fish habitat compensation to offset the impact of the Tailings Management Area (TMA) started in 2015 and was completed in 2017. The man made ponds (4) and creek diversion systems contained fish habitat features suitable to existing fish species presence (minnows) and native plant species consistent to what was naturally growing on site. The construction of these features and loss of habitat associated with the construction of the TMA was shared with communities through the Environmental Assessment Permitting Phase as part of Public and Aboriginal Consultation. All project design components related to compensation and reclamation were developed to reflect available Traditional Knowledge, naturally occurring features and previous land use considerations.

Monitoring of the success of the diversion structures and fish habitat compensation will be monitored over the next five years as part of the Department of Fisheries and Oceans Authorization. In the event that maintenance activities are required this condition will be reviewed for appropriate mitigation strategies.

8.1.5 The proponent shall, in implementing condition 3.7, take measures to avoid or lessen adverse effects: on sites of cultural significance to Aboriginal peoples.

Status: Ongoing

Supporting Analysis:

Creation of fisheries compensation related habitat initiated during 2015, 2016 and 2017 (completed) did not impact any identified sites of cultural significances to Aboriginal peoples.

Monitoring of the success of the diversion structures and fish habitat compensation will be monitored over the next five years as part of the Department of Fisheries and Oceans Authorization. In the event that maintenance activities are required this condition will be reviewed for appropriate mitigation strategies.

8.1.6 The proponent shall, in implementing condition 3.7, take measures to avoid or lessen adverse effects: from potential sources of contamination (e.g. mercury, arsenic, cadmium and lead).

Status: Ongoing

Supporting Analysis:

The design and construction of the fisheries compensation features were created in a manner to reflect natural systems that will not be impacted by mine waste water that could be a potential source of contamination. No acid generating rock was used in the creation of rock features.

Monitoring of the success of the diversion structures and fish habitat compensation will be monitored over the next five years as part of the Department of Fisheries and Oceans Authorization. In the event that maintenance activities are required this condition will be reviewed for appropriate mitigation strategies.

8.2 The Proponent shall, in implementing condition 6.3, take into consideration the habitat needs of species at risk consistent with final recovery strategies or action plans, or alternatively, rely on best available information where recovery plans or action plans for the species are not yet completed for the species at risk.

Status: Ongoing

Supporting Analysis:

In 2017 New Gold began the reclamation of the former Tait Quarry which operated between 2015 and 2017 to provide material for the construction of Highway 600. Through discussions with the MNRF in 2013 and 2014 it was decided that the Tait Quarry would be reclaimed to whip-poor-will habitat similar to that found in the gravel pit on Roen Road. Prior to its

development, Tait Quarry was not considered to be suitable habitat for whip-poor-wills, which are a Species at Risk in the Rainy River District.

A consulting firm was retained by New Gold to design the reclamation plan which involves; ensuring the site is safe by sloping rock faces and banks to a minimum 2: 1 slope, leaving the pit floor as a pond, applying a topsoil, clay, organics mixture to areas where vegetation will be planted, planting trees and seeding with native species. Suitable plant species and habitat creation has been designed to mirror other areas known to be whip-poor-will habitat within the project boundary. In late fall of 2017 the earthworks component began. Future work will take place in the spring/summer of 2018. Further detail regarding the rehabilitation plan can be found in the Supporting Documentation Section of Appendix B.

New Gold RRM considered Species at Risk and the potential for habitat creation in site restoration activities to date, including in accordance with their Provincial Endangered Species Act permit.

Species at Risk monitoring was conducted in 2017 and the annual report was submitted to MNRF in January 2018 to fill condition numbers 7.2 and 7.3 of ESA FF-C-001-14.

*8.3 The Proponent shall provide about 1400 hectares of private land as habitat for Eastern Whip poor-will (*Antrostomus vociferous*) and Bobolink (*Dolichonyx oryzivorus*).*

Status: Closed

Supporting Analysis:

Prior to project development the Ministry of Natural Resources and Forestry (MNRF) determined that 18 identified Eastern Whip-poor-will breeding territories could potentially be affected by the projects development and that 348 ha of Bobolink habitat had the potential to be impacted by the project. Based on this information to offset the loss of habitat New Gold obtained 1468.3 ha of lands to provide Eastern Whip-poor-will breeding territories and 348 ha of field habitat suitable for Bobolink breeding habitat.

8.4 The Proponent shall monitor the effectiveness of the habitat in condition 8.3.

Status: Ongoing

Supporting Analysis: The RRM owns and monitors over 1800 ha of overall benefit land and are following the monitoring plan described in the 2017 SAR report (See IPT 0054 Rev B)

8.5.1 The Proponent shall: maintain a fence around the tailings management area to prevent access by wildlife.

Status: Ongoing

Supporting Analysis:

In September 2017 the depositing of mine tailings in TMA Cell 1 started. A temporary construction fence was installed around the perimeter of the cell. Discussion regarding permanent fencing options will advance in 2018.

8.5.2: The Proponent shall: implement measures to prevent Snapping Turtles (Chelydra serpentine) from entering the following components of the Designated Project: tailings management area (TMA), water management pond (WMP), water discharge pond, constructed wetland, overburden pile, west mine rock pile and sediment ponds 1 and 2.

Status: Ongoing

Supporting Analysis:

Tailings Management Area (TMA): Steep cut seepage collection ditches and fencing has been placed around the TMA starter cell to deter snapping turtles. In addition the construction of the outside shell of the dam is of large coarse rock with many long ridges that should also deter snapping turtles. No turtles were noted in the TMA area in 2017. Water Management Pond: WMP ditching and dam design have so far proven to be effective at excluding snapping Turtles. No snapping turtles were observed in this area in 2017.

Water Discharge Pond: Not constructed in 2017

Constructed Wetland: Not constructed in 2017

Overburden Pile: The overburden pile has not yet encroached on significant turtle habitat but in 2017 ditching with slit fence around the area was underway. This ditching is being built with steep banks to ensure turtles do not enter the overburden dump and the slit fence will direct them away from the area.

West Mine Rock Pile: In 2017 ditching around the area was underway. This ditching is being built with steep banks to ensure turtles do not enter the stockpile area.

Sediment Ponds 1 & 2: Not constructed in 2017

Supporting Documentation

There is no supporting documentation for Section 8.0