



Audit Committee Charter

1. Purpose and Authority

The overall purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of New Gold Inc. (the “**Company**”) is to assist the Board in fulfilling its oversight responsibilities with respect to accounting, auditing, financial reporting and internal control processes by, among other things: (i) ensuring the integrity of the financial statements and financial reporting of the Company, (ii) overseeing compliance with related legal and regulatory requirements, (iii) ensuring the overall adequacy and maintenance of the systems of internal controls and disclosure controls and procedures that management has established, and (iv) maintaining overall responsibility for the Company’s external and internal audit processes, including the external auditor’s qualifications, independence and performance.

The Committee shall have access to such officers and employees of the Company, its external auditor and its legal counsel and to all such information respecting the Company as the Committee considers to be necessary or desirable in order to perform its duties and responsibilities. In addition, the Committee shall have the authority and funding to retain independent legal, accounting and other consultants to advise the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors retained by the Committee and to the external auditor engaged by the Company for the purpose of rendering or issuing an audit report or performing any other audit, review or attestation services and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall be accountable to the Board. In the course of fulfilling its responsibilities, the Committee shall maintain open communication between the Company’s external auditor and the Board and shall have direct access to the external and internal auditors.

The Committee has the duty to review and ensure that the Company’s financial disclosures are complete and accurate, are in accordance with applicable laws and generally accepted accounting principles and fairly present the financial position and associated risks of the organization. The Committee should, where it deems appropriate, review compliance with laws and regulations and the Company’s own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

2. Composition, Procedures and Organization

- a. The Committee shall consist of at least three members of the Board, all of whom shall be “independent” as defined by National Instrument 52-110 – *Audit Committees (NI 52-110)* and under applicable stock exchange requirements and shall meet the financial literacy and experience requirements of NI 52-110, applicable laws and stock exchange requirements and pursuant to any other requirements of applicable regulatory or professional bodies. Financial literacy requires that all members of the Committee shall have the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements. At least one member of the Committee shall be able to analyze and interpret a full set of financial statements, including the related notes, in accordance with International Financial Reporting Standards (“**IFRS**”) and at least one member of the Committee shall qualify and be designated as the “audit committee financial expert” as determined in the judgment of the Board with reference to applicable laws and stock exchange requirements.
- b. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time add, remove or replace any member of the Committee and may fill any vacancy in the Committee. A member will automatically cease to be on the Committee upon ceasing to be a director.
- c. The Board will appoint one member of the Committee to act as the chair (the “**Chair**”) of the Committee. In his or her absence, the Committee may appoint another person to act as Chair of a meeting of the Committee provided a quorum is present.
- d. The Chair will appoint a secretary of the meeting, who need not be a member of the Committee and who will maintain the minutes of the meeting.
- e. A majority of members of the Committee, present in person or by telephone or other electronic communications device that permits all persons participating in the meeting to speak and to hear each other, will constitute a quorum for a meeting of the Committee.

3. Meetings

- 3.1 The Committee shall meet regularly and at least on a quarterly basis and otherwise as necessary. The Committee shall hold in camera sessions without the presence of management at each meeting (unless the members of the Committee determine that such a session is not required).
- 3.2 The Chair or any two members of the Committee may call a meeting of the Committee. At the request of the external auditor, the internal auditor, the Chair of the Board, the President and Chief Executive Officer (“**CEO**”) or the Chief Financial Officer (“**CFO**”) of the Company, the Chair of the Committee will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the CFO, will ensure that the agenda and meeting materials are distributed in a timely manner.

- 3.3** The CEO and the CFO will receive notice of and, unless otherwise determined by the Chair, shall attend all meetings of the Committee.
- 3.4** The external auditor of the Company must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Committee, and must appear before the Committee when requested to do so by the Committee and after being given reasonable notice to do so.

4. Duties and Responsibilities

The Committee shall take charge of all responsibilities imparted on an audit committee of a public company, as they may apply from time to time to the Company, under applicable laws and stock exchange requirements and any other requirements of applicable regulatory and professional bodies. The duties and responsibilities of the Committee include the following:

4.1 Financial Reporting and Disclosure

- a. Review and discuss with management and the external auditor at the completion of the annual examination:
 - i. the Company's audited financial statements and related notes;
 - ii. the external auditor's audit of the financial statements their report;
 - iii. any significant changes required in the external auditor's audit plan;
 - iv. any serious difficulties or disputes with management encountered during the course of the audit; and
 - v. other matters related to the conduct of the audit which are to be communicated to the Committee under IFRS.
- b. Review and discuss with management and the external auditor during and at the completion of any review engagement or other examination, the Company's quarterly financial statements.
- c. Review and discuss with management, prior to their public disclosure, the annual reports, quarterly reports, Management's Discussion and Analyses ("**MD&A**"), earnings press releases and any other material disclosure documents containing or incorporating by reference audited or unaudited financial information of the Company and, if thought advisable, provide its recommendations on such documents to the Board.
- d. Review and discuss with management any guidance being provided to shareholders on the expected earnings (including any future-oriented financial information or financial outlooks) of the Company and, if thought advisable, provide its recommendations on such documents to the Board.
- e. Inquire of the auditors regarding the quality and acceptability of the Company's accounting principles and estimates, including the clarity of financial disclosure and

the degree of conservatism or aggressiveness of the accounting policies and estimates.

- f. Review the Company's compliance with any policies and reports received from regulators. Discuss with management and the external auditor the effect on the Company's financial statements of significant regulatory initiatives.
- g. Meet with the external auditor and management in separate executive sessions, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.
- h. Ensure that management has the proper and adequate systems and procedures in place for the preparation and review of the Company's financial statements, financial reports and other financial information, including all Company disclosure of financial information extracted or derived from the Company's financial statements, and that they satisfy all legal and regulatory requirements. The Committee shall periodically assess the adequacy of such procedures.
- i. Review with the Company's counsel, management and the external auditor any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Company's financial statements or related compliance policies.
- j. Based on discussions with the external auditor concerning the audit, the financial statement review and such other matters as the Committee deems appropriate, recommend to the Board the public filing of the audited annual and unaudited quarterly financial statements and MD&A and the inclusion of the audited financial statements in the Company's Annual Report, in accordance with applicable laws.

4.2 External Auditor

- a. Be responsible for overseeing and recommending to the Board (subject to the approval of the shareholders, where required) the appointment of the Company's external auditor and for the compensation, retention and oversight of the work of the external auditor engaged by the Company. The external auditor shall report directly to the Committee. The Committee shall be responsible for resolving disagreements, if any, between management and the external auditor regarding financial reporting.
- b. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor and the related engagement letter and recommend approval of same to the Board.
- c. Confirm with the external auditor and receive written confirmation at least once per year as to the external auditor's internal processes and quality control and disclosure of any investigations or government enquiries, reviews or investigations of the external auditor.
- d. Take reasonable steps to confirm at least annually the independence of the external auditor, which shall include:

- i. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with IFRS, and determine that they satisfy the requirements of all applicable laws;
 - ii. considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor; and
 - iii. approving in advance any audit or permissible non-audit related services provided by the external auditor to the Company with a view to ensuring the independence of the external auditor, and in accordance with any applicable requirements of regulatory or professional bodies, including the requirements of all applicable securities laws with respect to approval of non-audit related services performed by the external auditor. Non-audit services of up to US\$25,000 (and up to a cumulative amount of US\$75,000 in a calendar year) may be pre-approved by the Chair of the Committee and ratified at the next Committee meeting.
- e. Approve the lead audit partner for the Company's external auditor, confirm that such lead partner has not performed audit services for the Company for more than five previous fiscal years, and otherwise ensure the rotation of the lead partner and other partners in accordance with all applicable laws and requirements of regulatory and professional bodies.
- f. Periodically review the performance of the Company's external auditor and provide feedback to the extent deemed appropriate.
- g. Review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditors of the Company.

4.3 Internal Controls and Audit

- a. Review and assess the adequacy and effectiveness of the Company's systems of internal controls, disclosure controls and procedures and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to identify and assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected and mitigated.
- b. Assess the requirement for the appointment of an internal auditor for the Company and, if the appointment of an internal auditor is deemed appropriate, be responsible for (i) approving the appointment and removal of such internal auditor, and (ii) if deemed appropriate, establishing a position description for such internal auditor.
- c. Review and approve the annual internal audit plan, and review on a periodic basis progress in executing the plan, significant changes to the plan, significant internal audit findings (including related to the adequacy of internal controls over financial reporting) and any significant internal fraud risks.

- d. Review disclosures made to the Committee by the CEO and CFO during their certification process required under applicable securities laws. Review any material weaknesses or significant deficiencies in the design and operation of internal controls over financial reporting or disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

4.4 Financial Risk Management

- a. Oversee, monitor and ensure that the principal areas of risk associated with the Company's accounting, auditing, financial reporting and internal control processes are identified and that plans and processes are in place to manage or mitigate these risks.
- b. Review and report to the Board regarding the structure and adequacy of the Company's insurance programs and related policies, having regard to the Company's business and insurable risks.

4.5 General

- a. Unless otherwise delegated to another committee by the Board, conduct an ongoing review of any transaction now in effect, and review and approve in advance any proposed transaction, that could be within the scope of "related party transactions" as such term is defined in applicable securities laws, and establish appropriate procedures to receive material information about and prior notice of any such transaction.
- b. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, including under the Company's Whistleblower Policy.
- c. Conduct or authorize investigations into any matter within the scope of this Charter, including any complaints or concerns raised under the Company's Whistleblower Policy. The Committee may request that any officer or employee of the Company, its external legal counsel or its external auditor attend a meeting of the Committee or meet with any member(s) of the Committee.
- d. Oversee cyber security and information technology infrastructure and programs.
- e. Review the qualifications of the senior accounting and financial personnel.
- f. Provide oversight of the Company's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Company with respect to third party payments in compliance with all applicable anti-bribery or anti-corruption laws, including the *Foreign Corrupt Practices Act* (United States), *Corruption of Foreign Public Officials Act* (Canada), the *Extractive Sector Transparency Measures Act* (Canada) and similar laws.

- g. Perform any other activities consistent with this Charter, the Company's Articles and governing law as the Committee or the Board deems necessary or appropriate.

4.6 Oversight Function

While the Committee has the responsibilities and powers set out in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of management and the external auditor. The Committee and the Chair and any members of the Committee identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are not specifically accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

5. Chair of the Committee

The duties of the Chair of the Committee are set out in the Board Mandate. In addition to those duties, the Chair of the Committee will:

- a. address, or cause to be addressed, all concerns communicated to him or her under the Company's Whistleblower Policy or Code of Business Conduct and Ethics.

6. Review

This Charter will be reviewed annually by the Committee in consultation with the Corporate Governance and Nominating Committee and any recommended changes will be submitted to the Board for approval.

Last updated, reviewed and approved by the Board on November 25, 2020.