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## A NOTE FROM OUR MILL MANAGER



As I prepare to enter my eleventh year with New Gold at New Afton Mine, I find myself reflecting on how far we've come since it all began. I have been very fortunate to see this operation and its people grow into the remarkable workplace it is today. Many major milestones have come and gone, yet countless more great opportunities still await us. Like any mining company, we have weathered storms, faced challenges, made difficult decisions and embraced an ever-changing industry landscape. However, there has been one constant throughout my experience at New Afton - the incredible workplace culture. The people here make it a great place to work and having colleagues who perform at such a high level is truly a privilege.

At New Gold, we hold five values near and dear: Commitment, Integrity, Development of Employees, Creativity and Teamwork. In the mill however, we have another special set of principles we like to call "The Five Priorities of Milling": 1) Protect the People, 2) Protect the Environment, 3) Protect the Equipment, 4) Make it Run, 5) Make it Run Well. When you are working to a tight deadline or struggling to overcome an obstacle, it can be difficult to keep these things top of

mind. Inevitably, things get in the way that may seem, at least at the time, more important. But, in my time at New Afton, I've found comfort in working in an environment where I observe people doing the right thing on a daily basis, even when it's difficult or unpopular.

2018 brings with it a sense of excitement, promise, and challenge. A big focus for our department is to prepare for the challenges related to processing supergene ore, an altered and complicated ore to process through the mill, particularly in conjunction with the much more friendly hypogene and mesogene. In order to generate the most value possible from this cantankerous combination of minerals, our team is busy conducting mineralogical and metallurgical research, performing plant and pilot trials and investigating new technologies and process control methods to tie it all together. Another key focus is further optimizing the processing aspects of the C-Zone ore body by applying past learnings and innovations. Meanwhile, our chemists in the Assay Lab are busy developing cutting edge technologies like the Cold Block assaying and Xanthate analysis techniques to improve safety, reduce costs and support the operations teams.

The culture here has certainly made being part of this team a great pleasure and I'm excited to work toward continued success, together.

**Martin Froehling**

## HEALTH AND SAFETY PERFORMANCE



New Afton is committed to providing a safe and healthy work environment for all of its employees, contractors and visitors in order to maintain the highest standard possible for responsible mining.

Throughout the first quarter of 2018, the Health & Safety department worked on developing a number of safety improvement initiatives. The team analyzed injury statistics from year-end 2017 to identify trends and to determine areas of focus for further improvement projects throughout the year. Supervisor/worker engagement activities, prevention topics, and new Health & Safety posters were facilitated and shared across site following the results of this trend analysis. Improvements to the site's Five Point Safety Card System were initiated and a new Corrective Action Pocket Guide was developed, both of which will be implemented throughout the second quarter. In terms of safety performance, New Afton celebrated two major

achievements. The site was awarded both the Safest Large Underground Mine Award for 2017, which was presented to members of the JOHSC team at the banquet in Victoria in February, and the John T. Ryan Safety Award for Mines in BC and Yukon with the lowest injury frequency rate in 2017 for the 4th consecutive year.

## SAFETY CHAMPION SPOTLIGHT

### DEDRICK ALEC, MECHANICAL MAINTENANCE TEAM



The first Safety Champion of 2018 has been awarded to Dedrick Alec from the Mechanical Maintenance team. Dedrick's most recent safety contribution is building a support stand for the Knelson Concentrator bowl in the mill. This stand will improve ergonomics during rebuilds and will eliminate the potential of the bowl tipping over. He is also directly involved in many other projects in the mill and underground, creating engineering controls and improvements through hazard recognition and assessing risks. Dedrick started his apprenticeship program at New Afton and is currently filling a developmental welding role. His peers describe Dedrick as someone who is always willing to help out throughout the day. He takes the time to assess and understand his work area and task, and ensures he is equipped while using the right tools for the job. Thank you, Dedrick, for your safety contributions and for making New Afton a safer place to work!

## BY THE NUMBERS

### PRODUCTION PERFORMANCE

<b>OUTPUTS</b> (3 months ended March 31)	<b>2018</b>	<b>2017</b>
Ore Processed (thousand tonnes)	1,290	1,440
Tailings Produced (thousand tonnes)	1,253	1,405
Average gold grade of ore (g/tonne)	0.57	0.57
Average copper grade of ore (%)	0.94	0.80
Copper Produced (million pounds)	22.2	20.5
Gold Produced (ounces)	19,988	20,937

## ENVIRONMENT PERFORMANCE

### ENVIRONMENTAL SCORECARD

<b>INCIDENTS</b> (3 months ended March 31)	<b>2018</b>	<b>2017</b>
Environmental Non-Compliances	0	1
Externally Reported Spills	1	2
Number of Fines Incurred	0	0
External Complaints	0	0



A tour participant examines a 2900 scoop tire in the underground maintenance shop. The shop crew does everything from preventative maintenance to welding, rebuilds and any other maintenance on underground equipment as required.

## ELDER'S TOUR

### NEW AFTON WELCOMES TK'EMLUPS TE SECWPEMC AND SKEETCHESTN ELDERS

From a tour of the underground maintenance shop to an up-close look at the gyratory crusher, a group of fifteen elders from both the Skeetchestn and Tk'emlups bands spent the day getting a taste of life at New Afton. The tour began in the Emergency Services Building, where the General Manager delivered a presentation on the current status of the operation and answered questions about mine depth, the potential for further development and other topics. The presentation also included sections on human resources, the environment and an in-depth safety presentation for both surface visits and underground tours.

Guided by New Afton's Environmental Scientist and Tailings and Surface Superintendent, participants took a driving tour to examine various surface locations and facilities across the site. Beginning at the historic Afton pit, discussions included the location of the ore body being mined in relation to the pit, the location of future potential ore bodies, subsidence, and eventual closure and pit reclamation. Afterwards, the group traveled to both the current Tailings Storage Facility and the Historic Afton Tailings Facility where they discussed construction method and tailings composition, among other topics.



For the underground tour, participants were provided with coveralls, hard hats with headlamps, boots, safety glasses, hearing protection, safety belts and a W65 self-rescuer respirator. These personal protective equipment (PPE) items are worn at all times by underground workers at New Afton to ensure safety. The tour included a visit to the East Cave Extraction level, underground maintenance shop and the gyratory crusher. New Afton employees answered questions about dust management and tour-goers were especially interested the management of effective water use. Employees discussed how water is recycled underground through collection and redistribution to surface where it is reused in the tailings storage facility and the mill.

## UBC MINE RESCUE CERTIFICATION

### UBC MINING ENGINEERING STUDENTS VISIT NEW AFTON

Eight students from UBC's Mine Engineering Mine Rescue Team spent a week at New Afton for a certification course. Lead by New Afton's Fire and Mine Rescue chief, the students conducted hands-on simulations including live firefighting, auto extrication, rope rescue and familiarized themselves on how to use the BG4, a closed-circuit breathing apparatus. In addition to the practical skill assessments, the students also participated in classroom sessions to learn theory.



## AME ROUNDUP CONFERENCE RECAP

### INDIGENOUS WOMEN IN MINERALS AND MINING



Each year, thousands of people attend the annual Association for Mineral Exploration (AME) Roundup Conference and take part in mineral exploration workshops and discussions. New Gold's Senior Advisor of Indigenous Relations, Martha Manuel, participated in the Indigenous Women in Minerals and Mining panel. Manuel, along

with Colleen Erickson, Nalaine Morin, Christy Smith and moderator Mona Forster, discussed their respective paths to the mining industry, lessons learned and advice for others working in mining. According to Manuel, indigenous women in mining tend to work independently and often face challenges navigating their roles between industry and community. "Communication and problem solving can sometimes be challenging without a supportive network of other women who may face similar challenges, as well as the leadership within the communities and industry," she said. The panel was held in the Gathering Place, a venue that hosted discussions focused on the importance of engaging early with Indigenous people and the mutual benefits. "Indigenous women add valuable insight and perspective to community relations and developing a network of women in mining is essential to creating a path forward that will help enhance sustainability in communities," said Manuel.

## EMPLOYEE SPOTLIGHT

### TYLER "TJ" WILLIAMS, ELECTRICIAN



Tyler "TJ" Williams moved to Kamloops in 2011 for a job with New Afton. Born and raised in Golden, TJ is a passionate outdoorsman, taking part in activities like hunting, fishing and soaking up all that Kamloops has to offer with his wife Nikki and kids Kaia and Jayce. As an Electrical Instrumentation Technician, TJ has led the implementation of the operation's two new automated Sandvik LH410 scoops. He worked on the installation underground and has been the point-person for the automation technology at New Afton. TJ says he has enjoyed the challenge of working with automated equipment and is excited by the direction that the industry is headed. His favourite part about being a New Afton employee is getting to work with the amazing people. To ensure consistent roll-out of the automated technology, TJ's schedule requires him to work with employees on all four shifts, giving him the opportunity to get to know more people than he would otherwise. Thank you, TJ, for your hard work!

## OUR PEOPLE

Year-End 2017	2017	
Total # of Employees on Payroll	406	100%
Employees from BC	372	92%
Employees hired from Kamloops region	314	77%
Employees hired from BC, outside Kamloops	58	14%
Employees from outside BC	32	8%
First Nations Employees	88	22%
First Nations Employees from Tk'emlúps te Secwepemc and Skeetchestn Indian Band	28	7%
Female Employees	49	12%
Male Employees	357	88%
Average Age	41	-



For information on current employment opportunities please visit our website or follow us on Twitter.

[newgold.com/careers/new-afton-project/careers](http://newgold.com/careers/new-afton-project/careers)

 @NewAfton

## ENERGY UPDATE

Energy Management at New Afton has gotten off to a fantastic start in 2018 with the mine well on its way to exceeding its annual energy objective for the 5th year in a row.

Energy performance improvement initiatives in the first quarter of 2018 include:

- The completion of the underground shop lighting upgrade, with improved lighting levels in addition to the energy savings;
- Upgrading the mill HVAC control systems and controls to improve comfort levels and reduce both natural gas and electricity consumption;
- The installation of the new high efficiency impellers for the tailings pumps;
- The completion of a project to recycle cleaner scavenger concentrate to the tertiary grinding circuit which is resulting in energy savings; and
- The implementation of some of the recommended energy performance improvement initiatives on the underground compressed air system.

The successful completion of these initiatives is largely due to the focus and efforts of New Afton employees. The various teams pulled together to make these initiatives a reality. What is also encouraging is that when it appears as if the mine is running out of ways to improve efficiency, the employees come up with another brilliant idea which helps make the mine even more efficient - proof that “Energy Matters” at New Afton!



A New Afton employee uses the remote controls to operate the automated scoop from the operator's station. In this private, more controlled PPE-free space, the operator is able to more safely manipulate the Sandvik LH410 loader to complete the required work. Two touch screen monitors display live video feeds straight from the unit, as well as digital maps of the work areas that illustrate the different ore passes to draw material from. Using the touch screen, the employee is able to dictate to the machine where he or she would like to scoop material from next, before dumping it down to the haulage level.

## AUTOMATION UNDERGROUND INNOVATIVE TECHNOLOGY AT WORK AT NEW AFTON

The start of 2018 signified a step forward in innovation for New Afton, as the operation has begun to implement automated technology underground. The company purchased a Sandvik LH410 loader, known more commonly on site as a scoop, in the fall of last year. The technology used for this new autonomous underground scoop is the first of its kind for New Gold and one of only a few in North America. While New Afton's operation already employs remote control technology, operators are required to retain line of sight of the machine in order to operate it. With this new autonomous scoop, the operator is completely removed from the work area, significantly reducing the potential risk for injury or incident.

Underground, scoops are used to remove ore from draw points and transfer the material to the haulage level to be taken by conveyor up to the surface. Traditionally, the scoops require an operator to control the unit from the cab. With automation, the operator is instead able to control the scoop from a distance using a series of controls. With this technological advancement comes increased operator safety and improved productivity.

TJ Williams, New Afton's Electrical Instrumentation Technician, was tasked with the hardware installation, system programming and now, the maintenance of the new equipment. The automated scoop is covered



with numerous cameras and sensors that allow it to be controlled safely and effectively within the confines of an underground mine. The installation required light barriers to be set-up to create a virtual zone. These barriers, installed at either end of the work area, act as guards for both the equipment and for other personnel. If crossed by either, the machine will immediately and automatically stop working. Once the light barriers have been set, the operator leaves the work area and begins to operate the scoop from a private, well-lit, comfortable and more controlled space underground, far from the machine itself. The use of the light barriers and other automated protections makes this technological investment a significant advancement in workplace health and safety underground.

New Gold is leading the way in underground mining innovation in Canada with the implementation of the Sandvik LH410 scoop and is demonstrating their commitment to safety of our employees, above all.

## NEW AFTON IN THE COMMUNITY

### A BUSY FIRST QUARTER FOR COMMUNITY INVOLVEMENT



Credit: BC Winter Games/Gary Ridsdale

New Afton is proud to contribute to the community of Kamloops through company participation in community events and sponsorship of programs, initiatives and projects within Kamloops. In January, we presented cheques to the Kamloops Food Bank and the Royal Inland Hospital totaling more than \$15,000, all of which was donated by employees at our annual holiday party. Thank you to our employees for supporting these two important community organizations!

In February, over 1,200 athletes competed in 19 sports at venues throughout Kamloops and Sun Peaks as part of the 2018 BC Winter Games, some 39 years after hosting the very first winter games in 1979. New Afton supported this event as it aligned with New Gold's corporate values, celebrated the accomplishments of our youth and exemplified hard work and dedication. New Afton's Community Specialist was invited to present medals to athletes at the Biathlon event at McArthur Island Park.

## KEEPING PEOPLE IN MOTION

SUBMITTED BY HEATHER BRANDON - EXECUTIVE DIRECTOR, PEOPLE IN MOTION

People In Motion's new Para Transit Bus will be here in just a few short months and we are very excited about its arrival! Originally, the fundraising campaign was intended to be three months long starting mid-January 2017. Our initial goal was to raise enough money so eighteen-seat bus could be purchased. Because we weren't sure if we would be able to raise enough funds buy a brand new bus, our back up plan was to purchase a used Para-Transit Bus, one that was at least newer than the ten-year-old bus currently in operation.

When the fundraising campaign started, we never expected such an over whelming response from the community in such a short period of time. When New Afton made their \$20,000 donation, the campaign had only been running for two short weeks. At that point, while \$75,000 had already been raised, we were still a long way from the \$120,000 needed to buy a new bus. With New Afton's donation, we knew our goal could be reached and that purchasing a new eighteen-seat Para-Transit bus was in our future.

People In Motion has been in the community helping youth and adults with diverse abilities develop to their full potential since 1989 – that's almost thirty years! We welcome people with all kinds of disabilities: autism, learning delays, physical challenges and others. Two thirds of our members are youth and young adults. A new Para-Transit Bus is so important to People In Motion and our 165 members because it means we can continue to take our members to community events that are accessible and where they feel included. For example, we

provide transportation to educational classes where clients learn new skills and social activities meant to foster new friendships. All of our programs promote a healthy lifestyle, self- development and independence. Plus, we have a lot of fun!

We are very grateful to New Afton for supporting this fundraising campaign and cannot wait to see our new bus in action come June. When you see it throughout the community, know that it is because of support from local organizations like New Gold's New Afton Mine that it was possible.



# NEW AFTON WELCOMES YOUR FEEDBACK ON OUR NEWSLETTER

CALL US AT (250) 377-2100 OR EMAIL OUR COMMUNITY SPECIALIST: [SAMUEL.NUMSEN@NEWGOLD.COM](mailto:SAMUEL.NUMSEN@NEWGOLD.COM)  
FOR A CHANCE TO WIN A PRIVATE TOUR UNDERGROUND!

1. Was the report clear and understandable?
2. Number 1 to 5 (one being highest your level of interest in the following) : Production, Health & Safety, Environment, Our People and Community Relations.
3. Did the report provide adequate information for your top two interests?
4. Any other comments.

## FURTHER INFORMATION

 @NewAfton

If you have any comments on this report or would like further information on the New Afton Operation, please contact either of the following:

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To learn about New Afton's current career opportunities please visit: [www.newgold.com](http://www.newgold.com) under the careers link.

While every effort has been made to ensure accuracy of the information presented, please note that all figures are unaudited.