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A NOTE FROM OUR MANAGER OF ENVIRONMENT, SOCIAL RESPONSIBILITY AND TAILINGS



At New Gold and New Afton Mine, we consider social responsibility and environmental stewardship to be of utmost importance.

From biodiversity projects on site like the creation of a bat habitat or partnerships with Thompson Rivers University, to sustainable closure planning with First Nations stakeholders at the table – we are committed to doing things the right way. As the Manager of

Environment, Social Responsibility and Tailings, I have a rather wide view of the operation. I manage various teams working on everything from soil and water sampling to tailings construction, surface works, community engagement and more. As an operation with more than 400 employees, most of whom live and work in the Kamloops area, we all have a stake in New Afton's success and want the operation to leave a positive impact on the community that will last long after we are gone.

The first half of 2018 has involved the successful implementation of a new dam construction method on our New Afton Tailings Storage Facility using waste rock originally mined by Afton Operating Corp. The move was prompted by a projected deficit of our current construction material – a fine sand recovered from the tailings itself. The switch to rockfill construction has the benefit of reducing fugitive dust from the facility which has been a significant issue in the past.

In the Environment Department, our team began the year with the completion of a 5-year update to New Afton's Closure Plan – an important and substantial document that details specific plans for long-term reclamation efforts far beyond mine closure. The Closure Plan is a living document that evolves along with the mine and is used to guide reclamation research to ensure successful closure of the site when that time comes. The process also involved considerable engagement with the Stk'emlupsemc te Secwepemc Nation (SSN), an important stakeholder in our operation. I look forward to continued and increased engagement with the SSN as we conduct reclamation research into areas where better information is required.

Earlier this year we invited Cherry Creek residents to New Afton for an information session and tour focusing on our 2017 acquisition of a historical tailings facility, previously owned by KGHM. Residents had questions about the facility and New Afton's plans for dewatering and reclamation. It is important for our operation to ensure we engage with the communities and groups that are close to us, affected by us and invested in our continued success. Read more on page three.

If you would like to learn more about our operation or provide feedback, please use our feedback hotline (250) 377-2100 or email us at info@newgold.com.

Scott Davidson

COMMITTEE DEDICATED TO MAINTAINING A SAFE WORKPLACE



New Afton’s Joint Occupational Health and Safety Committee (JOHSC) comprises representatives from various departments and working groups across New Afton. These representatives meet each month and act as liaisons between the employees and the management team to ensure that all employees have an avenue to comfortably address Health & Safety related concerns. Employees can approach JOHSC members directly to share information, or they can submit their concerns using an anonymous feedback box.

At their monthly meetings, the committee reviews any health and safety-related incidents that have occurred in the past month, discusses outstanding actions and assigns responsibility for follow-up, reviews inspection reports, and

discusses new and ongoing health & safety concerns brought forward by each of the committee members. JOHSC inspections occur monthly, rotating through each of the work areas on site. Committee representatives are responsible for completing 2-3 inspections per year as per a pre-determined schedule. While the committee is required by WorkSafe BC and the Health and Safety Reclamation Code for mines in British Columbia, the team at New Afton continues to make safety a priority and strives for an even safer workplace for all employees.

SAFETY CHAMPION

DAN WATERMAN, UNDERGROUND PRODUCTION



The Safety Champion Program utilizes employee input to recognize workers for leadership as well as a positive and proactive approach to safety. The 2018 second quarter Safety Champion has been awarded to Dan Waterman from the underground production team. Dan shows continuous awareness of not only his personal safety but also the safety of his peers. Dan uses a proactive approach when ensuring that safety supplies and equipment meet standards in his work area. He promotes safety awareness with his team and encourages the crew to share safety topics, concerns and improvements. Members of his team have stated they feel safer when they are working with Dan. Finally, Dan is a long-time member of the New Afton Fire and Mine rescue team and is proficient in rope rescue systems and first responder first aid. Thank you Dan, for your safety contributions and for making New Afton a safer place to work.

BY THE NUMBERS

PRODUCTION PERFORMANCE

OUTPUTS (6 months ended June 30)	2018	2017
Ore Processed (thousand tonnes)	2,637	2,970
Tailings Produced (thousand tonnes)	2,565	2,896
Average gold grade of ore (g/tonne)	0.54	0.55
Average copper grade of ore (%)	0.88	0.82
Copper Produced (million pounds)	42.6	43.3
Gold Produced (ounces)	38,635	42,210

ENVIRONMENT PERFORMANCE

ENVIRONMENTAL SCORECARD

INCIDENTS (6 months ended June 30)	2018	2017
Environmental Non-Compliances	0	1
Externally Reported Spills	1	2
Number of Fines Incurred	0	0
External Complaints	0	0

A LOOK AT NEW AFTON'S HISTORIC TAILINGS STORAGE FACILITY

CHERRY CREEK RESIDENTS ATTEND INFO SESSION AND TOUR

The Historic Afton Tailings Storage Facility (HATSF) was acquired by New Gold – New Afton Mine in March of 2017. Permits from the Ministry of Environment and Ministry of Energy, Mines and Petroleum Resources were updated to reflect the acquisition. In the months since, New Afton Mine has continued to de-water the HATSF to help reduce the amount of water withdrawn from Kamloops Lake. In addition, the de-watering aids in stabilization, decreasing any potential long term risk. The HATSF is included in New Afton's Surface Dust Mitigation Plan and efforts will be made to reduce fugitive dust.

In an effort to engage with Cherry Creek residents who had questions regarding the facility, New Afton hosted an information session and tour that was attended by seventeen people. New Afton's Manager of Environment, Social Responsibility and Tailings, as well as New Afton's General Manager, Environmental Coordinator and Tailings and Surface Superintendent provided an in-depth presentation on the current status of the facility, any risks, construction methods and reclamation for closure. New Afton's Engineer of Record for the HATSF also attended and provided insight into dam safety and dam certification.

After the formal presentation, residents were provided with the necessary Personal Protective Equipment (PPE) and boarded a chartered bus for the surface tour portion.



FIRE AND MINE RESCUE COMPETITION

NEW AFTON CLAIMS THE OVERALL UNDERGROUND TITLE FOR THE THIRD YEAR IN A ROW



In June, seven members of New Afton's Fire and Mine Rescue team competed in the 63rd Annual Provincial Mine Rescue and First Aid Competition in Kimberley, British Columbia. Throughout the duration of the competition, teams participated in a number of events including Individual Bench Technician, Underground Coordinator, First Aid, Fire, Underground Smoke, Practical Bench, Obstacle Recovery and the Written Exam. The competition included underground crews from UBC Mine Rescue, Brucejack, Silvertip and Sullivan mines. New Afton placed first in the Written Exam, First Aid, Underground Smoke and Practical Bench categories, also winning the Overall Underground Mine Rescue Trophy. New Afton was previously awarded the overall title in 2011, 2013, 2016 and 2017. The Fire and Mine Rescue Team would like to extend its congratulations to the crew from Highland Valley Copper who were awarded the Overall Surface Mine Rescue title at the same event.

In preparation for the competition, Fire and Mine Rescue team members spent upwards of two weeks doing dedicated training with both internal and external training instructors. They practiced everything from rope rescue to scenario-based drills and daily written practice exams. New Afton's Fire and Mine Rescue team would like to thank the Ministry of Energy, Mines and Petroleum Resources whose employees contribute countless hours to the planning and execution of this annual event, as well as the City of Kimberley who has hosted this event for the past three years.

ROCKFILL CONSTRUCTION CHANGES TO DAM BUILDING AT NEW AFTON

New Afton recently implemented a new method of dam construction for the Tailings Storage Facility (TSF). To date, the majority of tailings dam construction has been conducted using a fine sand recovered from the tailings stream. In recent years, the mill has implemented a finer grind, meaning that there is less material available for recovery, resulting in an impending construction material deficit.

To develop a proactive solution, New Afton began to explore utilizing waste rock stockpiled during the mining of the historic Afton Pit to build the tailings dam. With this new, more substantial construction material, the dam can be built at a steeper slope and the structure will be less prone to erosion. There is also the potential for reduced fugitive dust, as the rockfill material is larger (from the size of a tiny bead to a filing cabinet) and is less likely to be picked up by wind. Local construction company Senle7 (a partnership between the SSN and Eagle Rock) is the dam construction contractor that has been working to properly excavate waste rock from historic facilities and construct the dams using these recovered materials. Crews worked with the New Afton TSF Engineer of Record (a consultant engaged to complete the tailings facility design and ensure construction meets all appropriate guidelines and specifications) to determine where to incorporate the new waste rock construction method and where to continue using recovered tailings sand.



By the end of 2018, waste rock will make up more than half of the material used in tailings dam construction, or roughly 800,000 cubic metres. In the months and years ahead, New Afton will work to continually maximize sand production while incorporating more and more recovered waste rock as crews continue to prioritize safety and high-quality construction.

EMPLOYEE SPOTLIGHT

CORAN WLODARCZYK



Born and raised in the Williams Lake and 100 Mile House area, Coran Wlodarczyk moved to Kamloops when he was ten years old and has been here ever since. He did residential geothermal drilling and worked in the oil patch before joining New Afton in July of 2008. Coran has the unique distinction of being one of the first thirty people to go underground at New Gold in late 2008, but started with humble beginnings as a janitor and working in the core shack. He recently took on a role as Shift Supervisor for the Rehab B Crew, a job that has brought with it new responsibilities and challenges. He has enjoyed settling into the job and feels a strong urge to serve others and help his fellow employees develop themselves. When he's not working, Coran likes spending time with his children Liam and Kaelyn and his girlfriend Taylor. From camping to fishing, playing hockey and working out, Coran stays busy and loves finding new places to explore in Kamloops. He is also a member of the New Afton Fire and Mine Rescue team and has enjoyed putting safety into action.

OUR PEOPLE

Six months ended June 30th	2018	
	Total # of Employees on Payroll	418
Employees from BC	386	92%
Employees hired from Kamloops region	328	75%
Employees hired from BC, outside Kamloops	57	14%
Employees from outside BC	32	8%
First Nations Employees	92	22%
First Nations Employees from Tk'emlúps te Secwepemc and Skeetchestn Indian Band	30	7%
Female Employees	56	13%
Male Employees	362	87%
Average Age	40	-



For information on current employment opportunities, please visit our website at www.newgold.com.

COLDBLOCK ASSAY



In an effort to more efficiently process samples in the Assay Lab, employees will be implementing a new method - ColdBlock digestion, a product by Coldblock™ Technologies - to replace our three conventional methods. New Afton's conventional assaying is done using several separate methods - Fire Assay, Wet Assay and Thermal decomposition. Wet Assay uses a hot block, similar to a stovetop, on which the samples are placed and heated. From start to finish, this process can take upwards of 90 minutes and can result in potentially hazardous fumes. Fire Assay involves Lead (Pb) flux and very hot furnaces at 1000C and can take about four hours to complete. Thermal decomposition uses a specialized furnace and can take several hours to run 20 samples.

With the ColdBlock method, samples in glass tubes are placed in a chilled block. The middle portion of the tube is cooled by the block, while the sample in the bottom portion rests above an infrared lamp. The infrared energy superheats the solid particles to upwards of 300 degrees, in turn, heating the solution and resulting in a sample that dissolves much more quickly. Due to the temperature of the ColdBlock that holds the samples, and a unique cold-finger implemented by the New Afton team, any fumes that are produced condense as soon as they reach the chilled portion and drip back into the sample in the bottom of the tube. These fumes can potentially contain mercury or arsenic and this new technique works to keep those potentially hazardous metals in the sample itself.

This new method means that assayers are able to digest samples much faster and better, at nearly a quarter of the time it takes using the hot block method. As well, the potential sample size is much larger at 30 grams per sample compared to just three grams for the conventional method. A new ICP-MS instrument has been purchased in order to achieve the detection limit needed for the analysis of Mercury (Hg) and Gold (Au), which can also be used to test for the Copper (Cu), Silver (Ag) and Arsenic (As) in the samples. Until this point, assayers have had to run a sample three different ways and on three different instruments in order to test all of these elements. This contributes to the lengthy processing time and requires added steps and supply costs. With this new process, all elements would be included in the single digest and analysis. By implementing this new technique that both reduces potential hazards and increases efficiency, New Afton's Assay Lab has proven yet again that New Gold is committed to innovation in every aspect of mining.

WELLNESS CHALLENGE

MOTIVATION TO GET MOVING AT NEW AFTON

This spring, New Gold's Human Resources department launched a site-wide wellness program with the aim of engaging employees in new or improved healthy living activities and habits. Using a LifeWorks online platform, employees were first asked to complete a Health Risk Assessment (HRA) to develop anonymous baseline data and help establish program priorities. The assessment results indicated opportunities for improvement when it came to sleep – quality, duration and regularity – and overall activity levels, among other areas.

From this data, Human Resources worked with LifeWorks to develop a series of challenges tailored to the size of New Afton's workforce and the specific health and wellness-related concerns. The first six-week challenge launched in May followed a simple step/activity-counting structure with a daily goal of 10,000 steps. Each day, employees entered the total steps or hours of activity they accomplished during the prior day. These self-reported results fed a leader board and prizes were distributed each week to a random selection of participants, with 10 overall grand prizes going to those who achieved the challenge goal. New Afton saw more than 150 employees sign up for the challenge, with 75 people making the 10,000 steps daily goal. The overall response was positive, with some employees developing habits (like daily post-lunch walks) that have continued long after the challenge ended.

Taking into account the data that came from the HRA, New Afton chose to focus on sleep for the next wellness challenge. This time around, employees were asked to rate their previous night's sleep based on whether they ate, used electronics or consumed alcohol or nicotine before bed, got regular exercise and other criteria. From there, points were generated and a leader board was developed. Human Resources staff included weekly educational resources for employees throughout this challenge, such as tips for people who work night shifts, napping advice, information on restless leg syndrome and more. Throughout the remainder of 2018, New Afton will continue to engage employees in activities and education that promotes a more well-balanced, healthy lifestyle.

TAKING IT STEP BY STEP

BUILDING POSITIVE HABITS

During the first challenge, employees in the Health and Safety and Environment departments began to take regular walks after lunch as a way to increase their daily steps. The group began this new routine to better their performance in the challenge, but for some, the habit has stuck and the walks have become part of their regular work day. New Afton's Human Resources department hopes that this program continues to help employees develop and maintain healthy habits to better manage their activity levels both at work and in their personal lives. The program aims to show employees that regardless of the nature of their job, they can create opportunities for increased activity and movement throughout the day.



EMPLOYEE SPOTLIGHT

JESS NAKASHIMADA



Jess Nakashimada was born and raised in Kamloops. After getting a Bachelor of Business Administration degree with a major in Accounting from TRU, she went on to achieve her CPA/CMA designation and worked at an accounting firm. Jess joined New Gold as a Finance Graduate Trainee in April of 2011, moving into a Cost Accountant role before transitioning into her current position as Senior Cost Accountant. As part of her duties, Jess is responsible for cost analysis, budgeting, forecasting and month-end reporting, working with all departments across site. Employees in the Finance department rely heavily on each other and Jess says one of the best parts of her job is the teamwork and support within her department and across site, especially during busy times like month-end and budget season. When she's not at work, Jess can be found travelling to places like Greece, Croatia and Hawaii and is looking forward to an upcoming trip to Spain. She also likes hiking, kayaking, golfing and camping with her husband Ash and new bundle of joy Cooper - a Nova Scotia Duck Toller. Jess is still hoping her dream of winning the lottery comes true.

RESPONSIBLE REMOVAL

MANAGING NEW AFTON'S LAYDOWNS

Mining operations are constantly searching for new and innovative ways to minimize and mitigate waste, even if it means re-defining what is considered waste. After all, one man's trash is another man's treasure, isn't it? At New Afton, there are several areas that are home



to equipment and materials which no longer wholly fulfill the high safety and process standards required by New Afton. These areas are referred to as laydowns or "boneyards". Over the past several years, each department has worked to manage their respective boneyard. This commitment to good housekeeping goes beyond principle alone, translating into more usable and accessible parts, increased safety, and ensuring a sustainable life cycle for materials brought to site. 2018 signified a refreshed commitment not only to identifying and clearing out a large portion of materials fit for removal, but also developing site-wide programs that promote transparent departmental ownership and proactive management of these areas. When removing items from boneyards, New Afton's goal is always to restore, re-purpose, re-sell and recycle, with the landfill being the very last resort. In fact, the vast majority of material never reaches landfill. Under this renewed initiative, hundreds of tons have been responsibly removed from site in 2018 to the benefit of New Afton, our contractors, and most importantly, the environment.

PAINTING BIRD BOXES AT SKEETCHESTN COMMUNITY SCHOOL

Each year, a group of employees from New Afton's Environment Department pay a visit to area band schools to paint bird boxes with students. This activity is meant not only as a fun opportunity to get creative, but also to highlight the importance of biodiversity and share some information about New Afton's biodiversity-related programs. This year, our team visited Skeetchestn Community School. Weeks before painting could begin, the Skeetchestn Indian Band carpentry shop built 80 bird boxes based on plans for bluebirds. On the morning of the school visit, employees picked up the bird boxes and set up outside next to the gym. More than 40 students participated, turning their plain wooden bird boxes into one-of-a-kind masterpieces. Students were encouraged to take the bird boxes home and use them to encourage biodiversity where they live.

During the fun, New Afton's Environmental Scientist spoke with students about the importance of biodiversity and environmental reclamation at the mine site. From frogs to birds and everything in between, ensuring minimal impact to species on-site is a priority. Similar bird boxes are utilized by New Afton's Environmental Technician as a means of providing breeding habitats across the mine site. Some of these bird boxes have been known to have up to two nestings a year!

New Afton Mine would like to thank the principal, teachers and students at Skeetchestn Community School for an incredible paint-filled day!



NEW AFTON WELCOMES YOUR FEEDBACK ON OUR NEWSLETTER

CALL US AT (250) 377-2100 OR EMAIL OUR COMMUNITY SPECIALIST: 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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While every effort has been made to ensure accuracy of the information presented, please note that all figures are unaudited.