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A NOTE FROM THE PROCESSING MANAGER



Wow, what a year we have had so far. Just as excitement builds up around our province moving into the next phase of the restart plan, we take one on the chin with the prompt start of our local fire season. I have been very impressed by how well we have rolled with the punches as a site, a community, and a province. With that same persistence, together, we will emerge better and stronger from the challenges in front of us today.

Currently, the mill is being fed with the highest ratio of supergene ore to date. I am very pleased and proud to say that our team has risen to master the technical and operational challenges this material brings—innovative (yet fickle) recovery systems, clays, slimes, dirty water and plugged lines to name a few. Around the world, sites struggle at processing these types of ores and our team has skillfully adapted in a world-class fashion. We are, of course, very excited to mill more of the B3 ore we have just started receiving and the Elk Gold ore that will start arriving in September. They are much kinder.

As we look ahead, much of our focus has shifted to preparing to deposit thickened and amended tailings (TAT) into the Historic Afton Open Pit. This method is a safe, environmentally conscientious, and cost-effective solution to address long-term storage of our tailings.

The journey to getting there entails significant milestones in our near future. Fortunately, our Capital Projects and Operational Readiness teams are knocking it out of the park for us all. Early next year, we will start up one of the biggest paste thickeners in the world. The thickened tailings produced will be the final material deposited onto the New Afton Tailings Storage Facility (NATSF) until its capacity is reached. We anticipate this will occur towards the end of next year in conjunction with Lift 1 being exhausted, at which time the amendment plant will be integrated into the process. It will add a binder (cement) to thicken and amend the tailings, to ensure that they stay put.

There is no doubt our world continues to change around us and present new challenges for us all at home, at work and beyond. I am confident that together, with open minds, we will overcome them, and I look forward to working together on our shared vision of successfully executing the C-Zone plan.

Martin Froehling
Processing Manager

AMENDED PERMIT WILL TAKE NEW AFTON INTO THE NEXT PHASE

B3 MINING APPROVED

In Q2 of 2021, New Afton received both the Mines Act permit amendment to M-229 (May 21) and the Environmental Management Act permit amendment to 100224 (June 30). These updated permits allow for the mining of the B3 ore body, Thickened and Amended Tailings deposition to the Historic Afton Open Pit, and stabilization and dewatering activities for the New Afton Tailings Facility.

These approvals come after months of effort by many consultants and employees from numerous departments across site. Pre-engagement for the amendments started two years ago, with rigorous engagement for the last year and a half.

“There was a lot of engagement with First Nations, the government and neighbouring stakeholders,” said Luke Holdstock, Environmental Superintendent at New Afton Mine. “B3 Permitting allows us to thicken and amend tailings and then put that into the historic pit. It was quite a substantial permit.”

The amendment process required engagement with regulators on geotechnical, geoscience, reclamation and closure plan details to ensure risks are adequately mitigated. A significant amount of time was also spent with partners from Skeetchestn Indian Band (SIB), Tk'emlúps te Secwépemc (TteS), and Stk'emlúpsemc te Secwépemc Nation (SSN), the Nlaka'pamux Nation Tribal Council (NNTC) and other interested local stakeholders to ensure environmental, traditional and safety values were recognized and managed effectively. This amended permit will allow B3 mining through to 2024, while setting New Afton

up for success for the rest of C-Zone mine life with the approval for Thickened and Amended Tailings deposition to the Historic Afton Open Pit.

“This is ideal,” Holdstock said. “It is better to keep tailings deposition in the existing historic pit versus putting it somewhere new. We are utilizing this historic infrastructure instead of green field construction.”

Every new permit approval is an achievement based on the support of the entire site and truly is a representation of the hard work put in by all employees.



New thickened and amended tailings (TAT) facility. Photo: Matthew Bajkov

PERFORMANCE BY THE NUMBERS

PRODUCTION

OUTPUTS (6 months ended June 30)	H1 2021	H1 2020
Ore Processed (thousand tonnes)	2,476	2,695
Tailings Produced (thousand tonnes)	2,426	2,635
Average gold grade of ore (g/tonne)	0.45	0.46
Average copper grade of ore (%)	0.81	0.72
Copper Produced (million pounds)	31.9	35.4
Gold Produced (ounces)	26,082	31,903

ENVIRONMENTAL SCORECARD

INCIDENTS (6 months ended June 30)	H1 2021	H1 2020
Environmental Non-Compliances	0	0
Externally reported spills	3	0
Number of fines incurred	0	0

GOING GREEN WITH BATTERY ELECTRIC VEHICLE CHARGING STATIONS

HELPING CREATE A LOW CARBON FUTURE

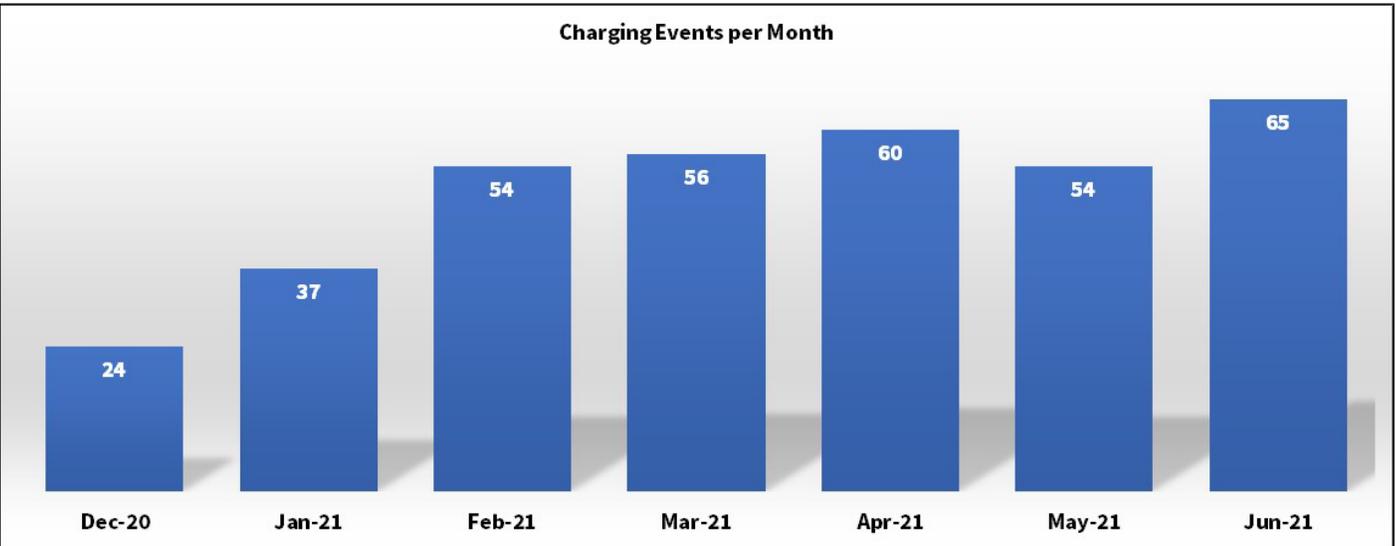
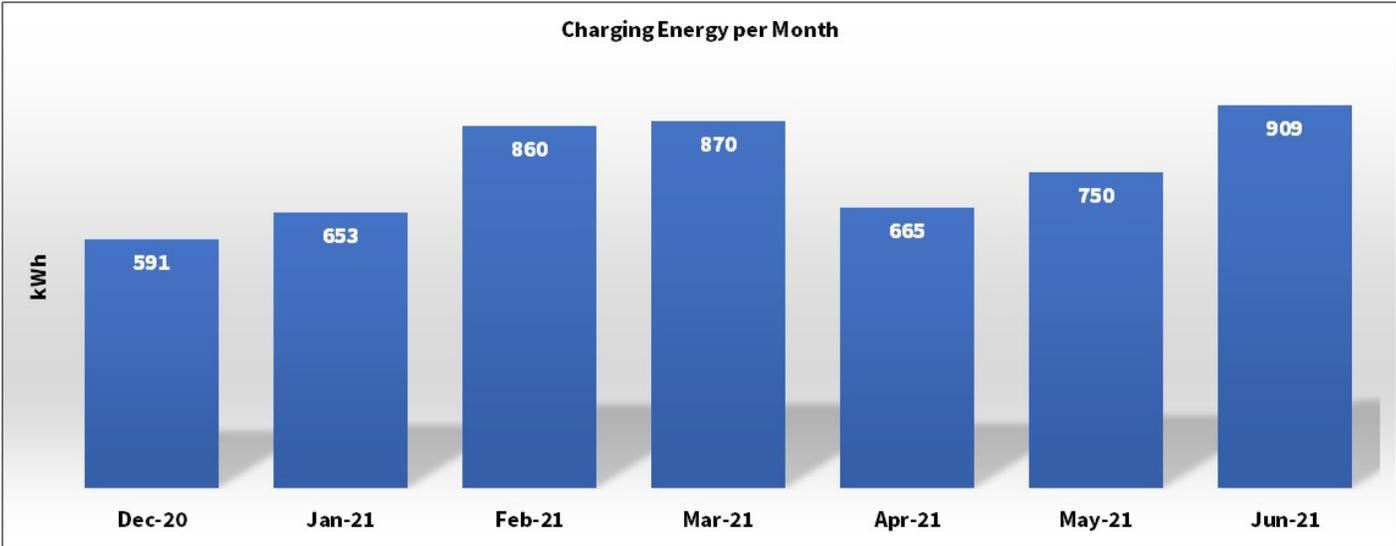
Since the installation of six Level 2 BEV charging stations at the mine in December 2020, New Afton has supplied over 5,300 kWh to eight registered electric vehicles in 350 charging events. This is equivalent to a greenhouse gas (GHG) reduction of over 3,400 kg CO₂ eq.

BEV make and models registered so far include two Hyundai Konas, a Hyundai Ioniq Electric, a Mitsubishi Outlander PHEV, two Nissan Leafs, a Chevrolet Volt and a Tesla Roadster. With only 60 charging events per month, there is plenty of capacity for more vehicles.

In May this year, New Afton replaced its old red Ford Explorer with a new

battery electric Hyundai Kona. Since May, this vehicle has used less energy than a domestic hot water heater would use if left on for 12 hours.

New Afton and its employees are stepping up to prove that “Energy Matters” in a low carbon future.



WOMEN IN MINING AND RESOURCES MENTORSHIP PROGRAM

This year, New Gold is supporting five women across the company to participate in the International Women in Mining Mentorship Program (IWIM).

IWIM is a global organization committed to advancing women in mining and aims to lead global change towards gender equality in the industry. It is a not-for-profit organization registered as a community interest company in the UK, with over 11,500 members. IWIM works with 70 organizations across all continents.

Jennifer Katchen, Chief Metallurgist at New Afton Mine joined the program after hearing how valuable it was from previous mentees.

“It’s a good opportunity to meet women at other mine sites and get exposure to people working in other areas of mining besides mineral processing,” Katchen said. “I was told that there was a good match between mentors and mentees.”

The six-month program has a tailored matching process conducted by specialists to match mentees and mentors based on aspirations, expertise and personality.

It involves initial training hours and regular mentor-mentee meetings, as well as meetings with the other New Gold participants. At New Afton, both Katchen and First Nations Coordinator Korah DeWalt-Gagnon are participating, along with others from Rainy River and New Gold Corporate Office in Toronto, ON. Julie Rachynski, New Afton’s HR & Community Manager, who manages the program for New Gold, is also one of the mentors in the program.

Katchen has been with New Gold since May 2012 and says that her mentor has been available to discuss topics they have outlined together.

“My mentor has been really helpful and has provided ideas on how I can work more efficiently,” Katchen said. “I’d recommend the program for other women working on site. It is worth putting the time in and is a good way to work on personal development.”

Katchen got to participate in a meet-and-greet event with other females from around the world.

“It was impressive to see how widely-spread the program is after only starting in 2018,” Katchen said.

This year’s program will run until October. It aims to empower and promote women working in the industry, as well as help them to navigate industry challenges.



HUMAN RESOURCES BY THE NUMBERS

PEOPLE & COMMUNITIES

EMPLOYEE COMPOSITION (6 months ended June 30)	Q2 2021	
	Total # of Employees on Payroll	579
Employees from BC	532	92%
Employees hired from Kamloops region	466	80%
Employees hired from BC, outside Kamloops	66	11%
Employees from outside BC	47	8%
Indigenous Employees	121	21%
First Nations Employees from Tk'emlúps te Secwépemc and Skeetchestn	31	5%
Female Employees	84	15%
Male Employees	495	85%
Average Age	40	



KORAH DEWALT-GAGNON WINS KTW COMMUNITY BUILDER AWARD

FIRST NATIONS COORDINATOR



Korah DeWalt-Gagnon was recently awarded the Kamloops This Week (KTW) Community Builder Award. The award, which is part of their annual Community Leader Awards, featured DeWalt-Gagnon in their publication on June 23, 2021.

DeWalt-Gagnon has worked at New Gold's New Afton for 10 years and is currently serving as the First Nations Coordinator. The article profiled her work to help Indigenous candidates find

employment and her providing cultural awareness training on-site. It also spoke about her work with the Beyond New Afton project, which considers the social impacts of the end of mine life.

"I'm really grateful for the opportunity that I have to do work that I'm passionate about, all while being able to support my family and life in my traditional territory at Tk'emlúps," she told KTW in an interview.



ENGAGING COMMUNITY TO HELP BUILD A PLAN FOR THE FUTURE

BEYOND NEW AFTON PROJECT

In 2019, a group of New Afton employees and a steering committee of management began work on a project to involve the community on the planned site closure at New Afton Mine.

With the inclusion of a member from Stk’emlúpsenc te Secwépemc Nation, the Beyond New Afton (BNA) committee was formed and recently launched the project, asking for input from employees and Community of Interest (COI) groups on the impact of the current anticipated site closure in 2030.

“Mines have long been held to a strict standard pertaining to our environmental closure plans, but we’ve found there are few industry standards when it comes to the social impacts of closure and how we can help reduce those impacts when we wind down our operations,” said Scott Davidson, Manager of Environment, Lands and Permitting.

While the current anticipated mine life is 2030, New Gold continues to explore opportunities to further extend the mine life.

New Gold – New Afton recognizes that building a comprehensive plan to reduce social impacts takes time, so this early launch will allow the BNA committee to gather feedback and engage community to help build a plan. This is a proactive approach and follows New Gold’s values, one of which is integrity—do what is right.

The BNA committee is currently encouraging COI groups to answer the survey, which is tailored to each group. The survey has been

promoted internally with employees, as well as externally at various community meetings to encourage COI groups and the general public to participate. As of July 14, 2021, 71% of New Gold – New Afton employees have answered the survey so far, to indicate any concerns and their future career plans. Further efforts are being made to engage with non-profit organizations in the community who benefit from the sponsorship and donations program.

“Our Beyond New Afton Project is meant to help minimize the negative impacts of the closure process on people and communities, our stakeholders, who are connected to an operation, by collaborating early on in the process through sharing their insights and ideas in the Beyond New Afton survey,” said Korah DeWalt-Gagnon, First Nations Coordinator.

The Beyond New Afton plan is set to be complete by 2023 and will complement the anticipated mine closure plan for 2030.



Planning for our future, together.

PROJECT TIMELINE



“New Gold’s ‘Beyond New Afton’ project is a great example of how BC mining companies are innovating and preparing for the future. In mining, we are very familiar with the environmental requirements and activities needed to properly remediate a mine site. Beyond New Afton, however, goes further with New Gold delivering on their responsibilities to the community and is an excellent demonstration of how BC mining is truly a sustainable industry - environmentally and socially. We applaud the efforts of New Gold and its New Afton employees who are delivering this project. I’m sure the results will be well worth the efforts - it is smart, strategic and will provide the opportunity to leave a lasting and positive legacy for everyone.”

– **Michael Goehring, President and CEO, Mining Association of BC**

“The Kamloops Chamber of Commerce applauds the efforts of New Afton with their ‘Beyond New Afton’ project because this is proactive, innovative, and collaborative work. As one of Kamloops’ larger employers, we know there will be impacts to our community when they wind down their operations many years from now. Working with the Kamloops Chamber and others now to understand what those social impacts could be in the future, and then developing strategies to reduce those effects is thoughtful work. We look forward to encouraging our member businesses to take the survey to help in this planning.”

– **Acacia Pangilinan, Executive Director, Kamloops Chamber of Commerce**

ENGAGEMENT



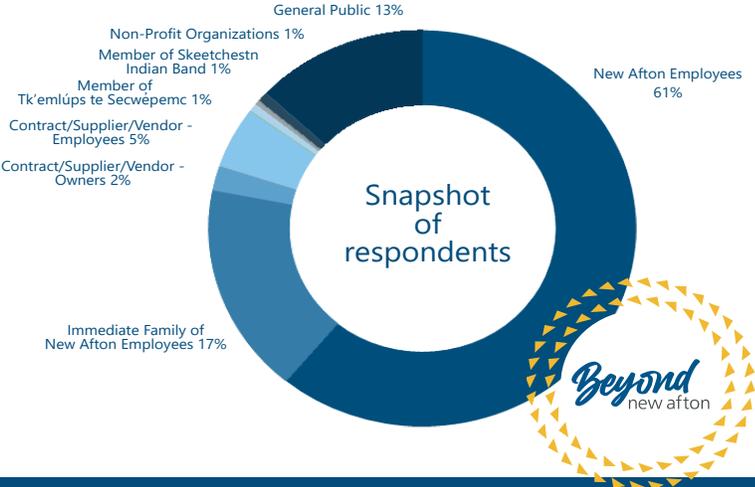
Emails
Internal & Community Members



Presentations
Employees & Community Groups



Surveys
(660 responses)



WHAT EMPLOYEES ARE SAYING



The survey questions are designed for each stakeholder group.

TAKE THE SURVEY

Step 1



*As of July 14, 2021

WE WELCOME YOUR FEEDBACK

Call us at (250) 377-2100 or email krystal.kehoe@newgold.com for a chance to win a private tour underground.

To enter, simply get in touch and provide responses to the following questions:

1. Was the report clear and understandable?
2. Did the report provide enough detail?
3. What issues related to our operation or mining are you most interested in? Did the report address them to your satisfaction? If not, what could have improved the report?
4. Are there any communities, interest groups or stakeholders, including those whose interests may be issues-based or indirect, you think should be included in our communications?
5. Are there more effective methods of communicating with the general public that you would prefer to this newsletter?

ADDITIONAL 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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New Afton values your feedback. If you would like to get in touch, call us at 250.377.2100 or email us at info@newgold.com.

To learn about New Afton's current career opportunities please visit: www.newgold.com/careers.

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