



COMMUNITY SPOTLIGHT

- \$53,000 raised for the Kamloops Food Bank through our Charity Golf Tournament

Second Quarter Sponsorship:

- The Laughing Stock Theatre Society of BC
- Project X Theatre
- Kamloops Symphony Society
- EUREKA! TRU Science Camp
- Pink Ribbon Ball in Support of the RIH Foundation
- Operation Red Nose
- 2018 BC Winter Games
- Kamloops Central Business Improvement Association

NOTE FROM OUR GENERAL MANAGER

New Gold is committed to contributing to sustainable development and providing tangible benefits in every community in which we operate.

New Afton is committed to providing a safe workplace for all our employees, contractors and visitors on site. New Afton places a high value of Social Responsibility and proper Environmental Stewardship. We continue to grow our relationships with our community and First Nations partners.

2017 has brought us the Chief Inspector Mines Recognition award presented to New Afton Safety Initiative Committee for their work in delivering a custom safety program to over 120 Grade 10 students around Kamloops. Our mine rescue team won the provincial Overall Underground Mine Rescue Award. Our inaugural Charity Golf Tournament in support of Kamloops Food Bank raised approximately \$53,000 towards supporting our community.

This July has been a challenging time for our province, wild fires have plagued the interior/Chilcoton region with catastrophic consequences displacing many people from their homes. New Afton has demonstrated our commitment to community and our First Nation Partners providing assistance.

On site, the team has been working hard to improve safety with a hand injury reduction initiative recognition program. This program and many others are helping us reach our current Total Reportable Injury Frequency Rate of 1.41 compared to a target of 1.42.

Our exploration program was initiated with SSN performing traditional smudge ceremonies. The exploration team is working hard to improve our resource potential with several drilling programs around site. More drilling will be completed on C-Zone to help improve the confidence in our block model. B3 development is progressing as per schedule.

As part of our mining process we have cave subsidence, a natural and designed feature from block caving. As our mine grows larger our Technical Services team is keeping a close 'eye' on subsidence to ensure safety of our people and infrastructure. The mine group is making progress on a significant rehabilitation effort program and the mine continues to provide ore to our hungry mill.

The mill has processed more ore in the last 6 months in its history. High reliability, availability and utilization has aided in this effort. A significant Flotation upgrade project was completed in Q2, aiding in recovering metal.

Our site isn't without challenges and we definitely have the team to overcome and forge ahead!

John Ritter

General Manager



HEALTH AND SAFETY PERFORMANCE

At New Afton we understand that responsible mining starts with keeping our people safe and healthy. From the ground up, our people are passionate about doing the right thing and holding true to our values: Integrity, Commitment, Creativity, Employee Development and Teamwork.

Just recently, New Afton kicked off a Safety Champion Recognition Program that provides an opportunity to identify and formally acknowledge an employee's innovation, leadership and professionalism as they contribute to a safe working environment at the New Afton Mine. It is

our employees who identify and implement creative methods to overcome challenges safely and efficiently.

Each quarter the nominations for the Safety Champion will be voted on by the Joint Occupational Health Safety Committee. The voted champion will be recognized in the New Afton Sustainability Newsletter and receive a gift bag. Check out this issue for our first Safety Champion.

SAFETY...LIVE BY IT!

New Afton's safety slogan to encourage employees to live the safety culture both at work and at home.

OUR PERFORMANCE

Three months ended June 30		
OUTPUTS	2017	2016
Ore Processed (thousand tonnes)	1,531	1,394
Tailings Produced (thousand tonnes)	1,492	1,356
Average gold grade of ore (g/tonne)	0.54	0.68
Average copper grade of ore (%)	0.83	0.84
Copper Produced (million of pounds)	22.8	22.1
Gold Produced (ounces)	21,273	25,287

ENVIRONMENT PERFORMANCE

ENVIRONMENTAL SCORECARD

6 Months Ended June 2017	2017	2016	2015
Environmental Non-Compliances	0	1	0
Externally Reported Spills	2	2	9
Number of Fines Incurred	0	0	0
External Complaint	1	0	0

OUR ACHIEVEMENTS

62ND ANNUAL PROVINCIAL MINE RESCUE COMPETITION AWARDS

- 2017 Overall Underground Mine Rescue Award
- 2017 Richard Booth, Best Underground Written Score
- 2017 USWA Mine-Mill Trophy, Best Underground Coordinator
- 2017 Sullivan Cup, Best First Aid by an Underground Team
- 2017 Levitt Fire Trophy
- 2017 Best Performance in Underground Smoke (Tied with Sullivan Mine)



SPADEFoot TOAD RESEARCH AT NEW AFTON

In 2013 New Afton Mine built several breeding ponds in cooperation with Thompson River's University (TRU) for the Great Basin Spadefoot, which is an amphibian species of special concern on the BC blue list. The grasslands of Southern-Interior British Columbia are the northernmost extent of the Spadefoot's range and this region is facing increased pressure due to development. In addition to terrestrial habitats for foraging and hibernating, Spadefoots require aquatic habitats for breeding, which typically are shallow ephemeral ponds. Ephemeral ponds are temporary, often filling with water in the spring and then drying up as the season progresses. It is unknown how climate change may impact ephemeral ponds in the future. The breeding ponds were constructed as part of a TRU Master of Science project studying the ecology of the Spadefoot and to determine if Spadefoots would colonize and use artificial breeding sites. In addition to providing information to researchers, which can assist in management of Spadefoot populations and habitats throughout the province, this project has appeared to enhance the habitat for Spadefoots and many other organisms on site. It was found that Spadefoots utilized the artificial ponds for breeding and tadpoles successfully completed the metamorphic stage and exited the ponds. This spring, it was exciting to find tadpoles in many of the breeding ponds again. It is great to see the ponds still being used several years later and positively contributing to the biodiversity on site. However, further research would be beneficial to determine the lasting success of the Great Basin Spadefoots at these ponds. Other habitat enhancements on site include bird boxes and bat habitats. This spring a presentation and painting of 80 bird houses was completed with local First Nations students to help increase awareness about the importance of biodiversity. Efforts are also being made to ensure a historic structure acts as suitable habitat for bats, by keeping it dark, humid, and cool.

Caption: Jo-Anne Hales, Tk'emlups te Secwepemc, Masters Student/ Researcher studying the ponds.



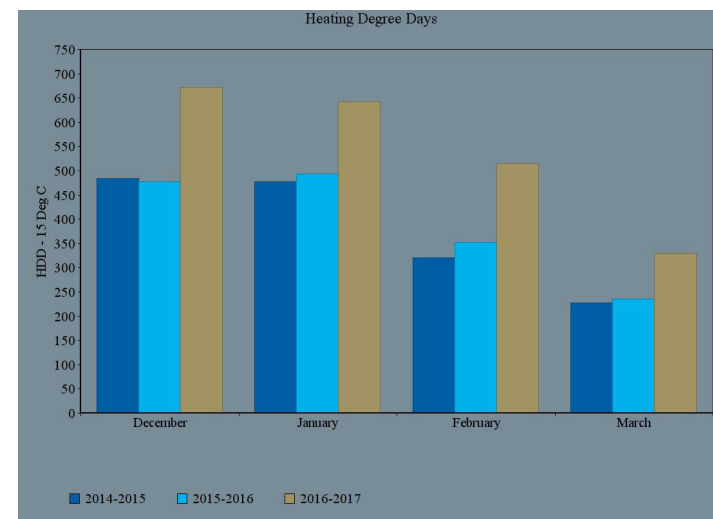
ACQUISITION OF THE HISTORIC TAILINGS STORAGE FACILITY

The Historic Afton Tailings Storage Facility (TSF) was acquired by New Gold – New Afton Mine on March 31st. Permits from the Ministry of Environment and Ministry of Mines and Energy have been updated to reflect the acquisition. New Afton Mine will continue to dewater the TSF to help reduce the amount of water withdrawn from Kamloops Lake. In addition, the dewatering will aid in stabilizing the TSF, decreasing any potential long term risk. The Historic Afton TSF is included in New Afton’s Surface Dust Mitigation Plan and efforts will be made to reduce dust from the Historic Afton TSF, reclamation efforts will continue on the Historic Afton TSF. The invasive weed species on the Historic Afton TSF are to be treated using chemical herbicides. Environmental monitoring of surface water, ground water, and dust will also increase this year in line with the new permit conditions.

ENERGY PERFORMANCE

2017 got off to a cooler than expected start which related to a corresponding increase in natural gas consumption. The chart below shows the heating degree-days (an indicator of how much heating you need) for our winter months.

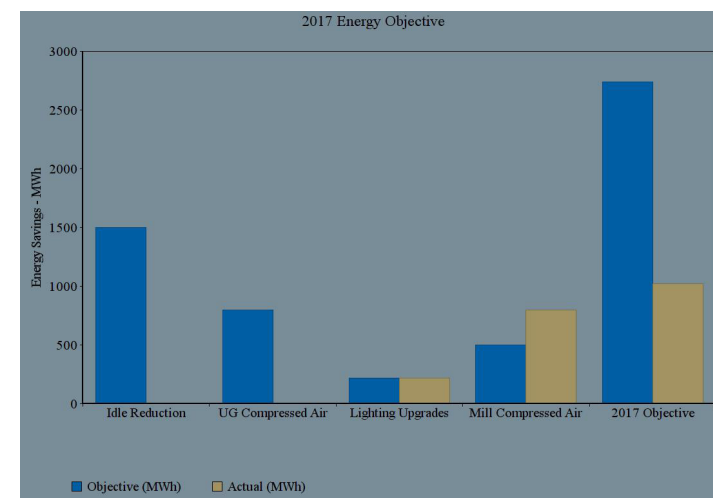
Figure 1: Heating Degree-Days 2014-2017



Fortunately, our 2016 energy conservation initiative of improved ventilation fan heater burner controls reduced the financial impact of the increased gas consumption.

Additional heating efficiency improvement is the installation of natural gas heaters in the pebble crusher building, and in the Mill conveyor transfer buildings, to eliminate the need for the diesel powered “Herman Nelson” heaters which appear during winter. This will reduce heating costs by approximately \$100,000 per year and reduce greenhouse gas emissions by 100 tonnes of CO₂e per year.

Figure 2: 2017 Energy Objectives



To date, the mine has achieved 37% of its 2017 energy objective, with the two major objectives, Mobile Equipment Idle Reduction and Reducing Underground Compressed Air Use, still to come.

As with many of the previous energy saving initiatives, the success of the idle reduction project will be largely due to the equipment operators, so the engagement program for the first half of the year focused on the benefits of idle reduction; improved air quality, greenhouse gas emissions and energy cost savings. Awareness posters, “myth-buster” pamphlets and a campaign logo were developed to facilitate awareness.



Everyone at New Afton is showing, once again, that Energy Matters at New Afton.

OUR PEOPLE

6 Months Ended June	2017	
Total # of Employees on Payroll	470	100%
Employees from BC	430	94%
Employees hired from Kamloops region	368	80%
Employees hired from BC, outside Kamloops	62	13%
Employees from outside BC	35	7%
Employees from outside Canada	5	1%
First Nations Employees	104	22%
First Nations Employees from Tk'emlúps te Secwepemc and Skeetchestn Indian Band	32	7%
Female Employees	52	14%
Male Employees	404	86%
Average Age	39.6	



For information on current employment opportunities please visit our website or follow us on Twitter. <http://www.newgold.com/careers/new-afton-project/careers/default.aspx>

SAFETY CHAMPION SPOTLIGHT

LUCAS MCLAREN
MAINTENANCE TECH WELDER

Thank you everyone who summited Safety Champion Nomination forms for Q2 2017. The Safety Champion is nominated by their peers and voted upon by the Joint Occupational Health and Safety Committee (JOHSC) members on a quarterly basis. Lukas McLaren, a Maintenance Tech Welder in the mechanical group has been involved in multiple significant safety improvements on-site during the last quarter, including a hand rail upgrade project on the surface conveyor system. Lukas has also displayed his leadership skills through his Mill shutdown contributions; demonstrating effectiveness, and improving safety for himself, his peers, and contractors.

Thank you Lukas for a job well done! Keep up the great work!



OUR COMMUNITY

FIRST NATIONS

New Afton continues to work collaboratively with the Stk'emlupsemc te Secwepemc Nation (SSN) to promote career awareness with the communities of Skeetchestn and Tk'emlups te Secwepemc. This year, we were able to carry out two youth focused programs:

1. Youth Job Shadowing with SSN youth
2. Skeetchestn's Yes to It – Trades program.

On April 24, New Afton hosted 8 youth from Skeetchestn and Tk'emlups te Secwepemc for Job Shadowing. The youth received an overview of the mine operations which included a tour of the site. The afternoon portion involved an opportunity for Job Shadowing in the area of their choice, which included the Assay Lab, Mill Operations and Maintenance.

On June 6, New Afton helped support a Trades program which had been initiated by the Skeetchestn Community school. The school applied for funding to promote trades education and had asked New Afton to provide a presentation and site tour. The youth received a presentation specific to trades and went on a site tour, which included the Mill operations building and surface Maintenance shop. A total of 14 youth from Skeetchestn participated in the Yes to It, Trades program.

Thank you to Michelle Buchanan, Mine Operations Administrative Assistant and Joanna McKamey-Martin, HR Generalist, for helping us organize and also to all other employees who took time to help with the tour, present information and bring them through your specific job areas. The intent of these youth focused programs is to promote career awareness and these activities definitely help inspire them to further their education.

NEW GOLD CHARITY GOLF TOURNAMENT

On June 16th, 2017, New Gold - New Afton Mine was pleased to host our very first Charity Golf Tournament in support of the Kamloops Food Bank. The event was filled with sunshine, laughter and some very great activities that were provided by local vendors from the Kamloops area. We are very proud to announce that we raised **\$53,000** that will be donated directly to the Kamloops Food Bank. A huge thank you to all our vendors for making this event a success.

Based off feedback and the overall success of the event, New Afton has agreed that we will continue the Charity Golf Tournament on a Bi-Annual Basis. So mark your calendars for our next Golf tournament to be scheduled in the summer 2019.

A big thank you to our organizing committee and volunteers for all their hard work on putting together the event. Together, Sun Rivers, the Kamloops Food Bank and New Gold's New Afton Mine put together a fun filled day. We look forward to hosting our next Charity Golf Tournament in the future.

Each year the Stk'emlupsemc te Secwepemc (SSN) Chief and Council are invited to participate in a surface and underground tour of New Afton, as well as a presentation which provides an update on site activities. This year Chief Ron Ignace of Skeetchestn and Councillor Howard Campbell attended on behalf of SSN.



New Afton continues to be respectful of the Secwepemc traditional protocols that involve ceremonies on site from time to time. The Ground Disturbance Permitting (GDP) process is an important part of our relationship between New Gold and the Stk'emlupsemc te Secwepemc Nation (SSN) and ensures that we are mindful of, and respect these traditional protocols. The GDP process ensures that SSN is made aware of any relevant ground disturbance that occurs on site. The First Nations Coordinator, Martha Manuel, relays the details of the ground disturbance area to SSN who then reviews the information and determines whether an appropriate traditional ceremony will be carried out. Following the ceremony, the work is signed off by the First Nations Coordinator and the work is carried out accordingly.



NEW GOLD SPCA CHARITY CALENDAR

New Gold's New Afton Mine is proud to be a part of the local community. Even before transitioning into commercial production in 2012, we have been proud to support causes that we feel passionate about. Many of our employees are pet owners, so it should come as no surprise that one of our favourite charitable organizations is the BC SPCA Kamloops & District Branch. They are a not-for-profit organization which relies primarily on community donations to help animals in need.



Together with the BC SPCA Kamloops & District Branch and New Afton's Fire & Mine Rescue Team, New Gold has put together a Charity Calendar for 2018 with 4 bonus months in 2017. The net proceeds from each calendar will go directly to the local Kamloops SPCA. The calendars will be available for purchase mid-August. Please note a calendar can be purchased at the following locations:

- The BC SPCA Kamloops Branch
- The Art Gallery
- Red Collar Brewing
- Hot Night in the City (August 12th, 2017)
- Paws for Cause (September 9th, 2017)

PHOTOGRAPHY PROJECT AT FOUR DIRECTIONS SCHOOL

New Gold's New Afton Mine donated cameras to initiate the photography program that Exposure Photography created for the students at Four Directions. Please read below about Sara's journey with the students and photography.

"Four Directions is an alternate program within the School District Number 73 for youth who self identify as Aboriginal. These are students who's lives have been more difficult than most - students who have not always received the support they needed to find success. With tools provided by New Gold - New Afton Mine, I hoped to reach kids through art and give them a tool for expression. A young man who hardly spoke, but showed up, without fail, every Friday. With his camera between us I discovered that this silent kid has a witty sense of humour and when you think he's not listening he's thinking his answer through. The more time we spent looking at the world through our camera's the easier it became to talk. His final piece, a montage of expressive family images, showed his Dad, who has struggled to break through his silent barrier how grateful he is that he has found a safe home with a house full of family who care about him. Another student disappeared from school found himself living on the street. A few weeks after his disappearance he brought the camera back full of images - his feet on the sidewalk, a drumming circle, the woods and eagle feathers hanging from a car window. The camera gave that young man a voice during a time when he was abandoned and alone - the camera bared witness to his experience and allowed him to share it with his teachers. My students use photography to tell stories that they can't articulate with words. Together we created media projects for a gallery show. Alana used it to tell a story that spoke not only for herself, but for her entire family. She took a risk and opened herself to rejection when she asked her family to be brave enough to be vulnerable for the camera and the audience that would see her images of her family in full regalia standing in front of the residential school facing it head on while it loomed above them. Photography is art that doesn't require the ability to paint or shade. It allows anyone the tools to express themselves without words. It allows the viewer to interpret and bring their own experience to what they are seeing and a good image is hard to forget. A person can choose to stop reading or turn off the TV but a strong image, once seen, embeds itself in the subconscious ensuring my students voices are not forgotten and brushed aside. For me, as a photographer and artist, that is the whole point. With New Gold's support I was able to give a group of students a voice, which until this point was rarely heard outside their classroom walls."



- Sara Schreiner, Exposure Photography

NEW AFTON WELCOMES YOUR FEEDBACK ON OUR NEWSLETTER

CALL US AT 250.377.2100 OR EMAIL OUR COMMUNITY SPECIALIST: KORAH.DEWALT-GAGNON@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

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 welcomes your feedback: 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 under the careers link.

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