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NOTE FROM OUR MAINTENANCE MANAGER

The Maintenance Department at New Afton is composed of three key areas: Maintenance, Reliability, and Projects. Each area supports the mine site to surpass targets set for safety performance, metal production, cost performance and equipment utilization.

Reliability within the Maintenance Group consists of mobile equipment, fixed assets, and electrical & instrumentation. Utilizing a structured maintenance process, we strive to do quality work at the right time for the right reasons by utilizing the best and brightest tradespeople, alongside the expertise of planning teams, reliability engineers, and supervisors.

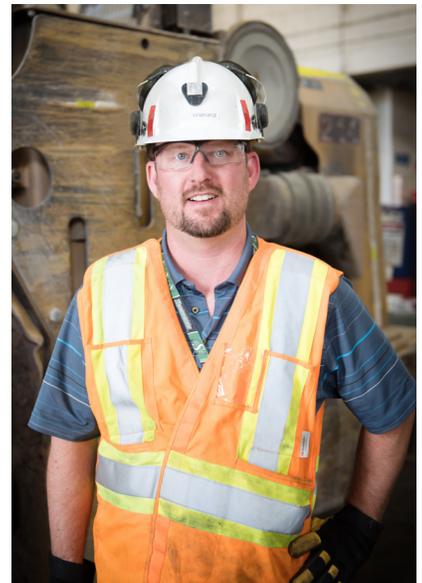
We take a methodical, highly detailed and collective approach to shutdown and rebuild activities. To continue New Afton's success, Maintenance works closely with the operation teams and one of our top priorities is to minimize the impact on operations.

The Projects Team at New Afton provides support site wide, assisting departments with special projects by defining the scope, completing engineering requirements, planning the execution of the project and creating a detailed schedule. The project group has safely delivered over 90% of the projects on schedule and 85% on budget.

Looking forward to the coming months, the Maintenance team is focused on being operationally ready for the permanent installation of the Sandvik Automine LT system underground, resolving the utilization challenges on the tertiary vertimill and driving further business performance improvement using maintenance specific KPIs.

If you would like to learn more about our department or would like to provide feedback, please use our feedback hotline 250.377.2100 or email us at info@newgold.com

Shane Kozoriz
Maintenance Manager



HEALTH AND SAFETY PERFORMANCE

Every two years, mines from west of Ontario meet in Fernie, British Columbia for the National Western Region Mine Rescue Competition.

In order to qualify for this competition, participants need to be one of the top two teams in their jurisdiction.

In 2017, the New Afton Fire & Mine Rescue team qualified for the fourth time and were eager to bring home at least one trophy.

The team performed superbly, placing no lower than second in all hands-on

events. Their consistency throughout the day was rewarded as New Afton won the Overall Underground Mine Rescue Championship, the first BC team to win since 2005. This title is one that is incredibly difficult to achieve and the New Afton Fire & Mine Rescue team is very proud to have performed so well.



OUR PERFORMANCE

Three months ended September 30		
OUTPUTS	2017	2016
Ore Processed (thousand tonnes)	1,540	1,468
Tailings Produced (thousand tonnes)	1,503	1,433
Average gold grade of ore (g/tonne)	0.55	0.62
Average copper grade of ore (%)	0.83	0.77
Copper Produced (millions of pounds)	22.8	21.3
Gold Produced (ounces)	21,569	23,864

OUR ACHIEVEMENTS

ASSOCIATION OF ENERGY ENGINEERS

- 2017 Innovative Energy Project of the Year for the Canadian Region

13TH BIENNIAL NATIONAL WESTERN REGION MINE RESCUE COMPETITION

- 2017 Underground Overall Winners
- 2017 Underground First Aid
- 2017 Underground Technician, Jared Moe

Congratulations to our Fire & Mine Rescue Competition Team on their achievements at the 2017 National Western Region Mine Rescue Competition in Fernie, BC. We are very proud of the accomplishments made by the team.

SAFETY CHAMPION SPOTLIGHT

CODY TURMEL MILLWRIGHT JOURNEYPERSON

Each quarter, the New Afton Joint Occupational Health & Safety Committee (JOHSC) solicit nominations for a Safety Champion. We're pleased to recognize Cody Turmel, from the Mill Mechanical team, as Q3's Safety Champion.

Cody shows his safety leadership in the morning huddles, identifying risks and sharing his experience with his team, and in working

with numerous contractors on site. Cody has recently implemented safety improvements in the mill, such as eliminating the requirement for manual lifting of heavy filter carts up flights of stairs to the rougher cells by piping a hard line into the gearbox to allow the user to leave the filter cart on the ground. This innovative upgrade demonstrates Cody's positive, forward thinking towards making his work area safe for himself and others.

Great job, Cody, and thank you for your continued commitment to safety!





ENVIRONMENT PERFORMANCE

ENVIRONMENTAL SCORECARD

9 Months Ended September 30	2017	2016	2015
Environmental Non-Compliances	0	1	0
Externally Reported Spills	3	2	6
Number of Fines Incurred	0	0	0
External Complaint	2	0	0

NEW GOLD IN THE NEWS

FIRST POUR AT RAINY RIVER MINE

New Gold is pleased to report that it has completed its first gold pour at the Rainy River mine in early October of 2017, which yielded approximately 500 ounces of gold and 600 ounces of silver.

The Rainy River mine, located 65 kilometres north west of Fort Frances, Ontario, began processing ore on schedule on September 14, 2017. Since that date, Rainy River has

successfully processed approximately 290,000 tonnes of ore. Inclusive of four days of intentional downtime as part of the commissioning plan, this translates to an average processing rate of almost 14,000 tonnes per day, or 67% of the 21,000 tonne per day nameplate capacity.

For more information, visit newgold.com/projects/rainyriver.



RECLAMATION AT NEW AFTON

New Afton is proud of our environmental performance. We practice progressive reclamation, meaning that areas that have been disturbed are reclaimed once the disturbance and use of the area has concluded.

This fall, we reclaimed an area disturbed due to drilling over the summer months. As part of New Afton's commitment to community engagement and education, we invited classes from Sk'elep School of Excellence and Skeetchestn Community School to help plant 200 grass plugs and 17 shrubs and trees. With guidance from a team of New Afton employees, students made quick work of the planting, accomplishing the task in just over an hour.



The grass plugs were grown by the Tk'emlúpsenc Forestry Development Corp from native seeds collected from the local area. Students from Sk'elep School of Excellence had the unique opportunity to see this project come full circle, as they helped transplant the grass plugs a year ago and were then able to plant them on site at New Afton this fall.

After completing the planting, students returned to our New Afton Fire & Mine Rescue building for a presentation by Senior Mine Geologist, Marty Henning, about the geological history of the area. New Afton was happy to host these two schools and provide education on our reclamation practices.



THE INS AND OUTS OF TAILINGS

New Afton Mine currently has three tailings storage facilities (TSF): The Historic Afton TSF, Pothook Pit, and the active New Afton TSF. New Gold acquired the Historic Afton TSF in March 2017 and continues to dewater it while monitoring air, water, and vegetation.

The New Afton TSF has five center-line dams, all of which are actively raised with

a combination of coarse tailings sand, synthetic liner and/or till. Approximately 36% of tailings material is recovered for construction of the dams by cyclones. The remaining fine particles and liquid which could not be recovered are then stored within the dam.

In 2017, the dams will have been raised six meters. The historic Pothook Pit is also

used to store tailings and has a dam. By storing tailings in Pothook Pit, the rate of which the dams of the New Afton TSF need to be raised is reduced.

Water within the New Afton TSF is continuously reclaimed and reused throughout the milling process. This year, approximately 90% of water discharged in tailings has been reclaimed. New Afton maintains a qualified Engineer of Record for the New Afton TSF and Pothook TSF (BGC Engineering) and Historic TSF (Knight Piesold) who oversees dam designs and reviews construction and monitoring. The Independent Tailings Review Board (ITRB) reviews all aspects of tailings facility management from a third party perspective, with the intent of identifying and minimizing any potential risks.



OUR PEOPLE

9 Months Ended September 2017	2017	
Total # of Employees on Payroll	455	100%
Employees from BC	415	91%
Employees hired from Kamloops region	356	78%
Employees hired from BC, outside Kamloops	59	13%
Employees from outside BC	34	7%
Employees from outside Canada	6	1%
First Nations Employees	99	22%
First Nations Employees from Tk'emlúps te Secwepemc and Skeetchestn Indian Band	32	7%
Female Employees	58	13%
Male Employees	397	87%
Average Age	40	

DID YOU KNOW?

New Afton produced, on average, enough copper each day in Q3 to build 3.8 Statues of Liberty.



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

newgold.com/careers/Current-Opportunities  @NewAfton

EMPLOYEE SPOTLIGHT

ANDREY SHARAY

TAILINGS PLANNING & COST CONTROL ENGINEER

For the past five years, I've been working hard polishing my skills and learning a lot about development and production cycles of the mine and always seeking areas to improve myself and team productivity. As a miner trainee, I was always undertaking new tasks and trying to learn something new. Once I felt that I was successful at performing that task, I looked for ways to improve the process. And once I was happy with that, I looked for another greater challenge.

When an opportunity came up, I applied for a TSF Quality Control Engineer Role with the Tailings Team. There, I had a great team supporting me, who helped me to learn a lot about tailings, another important aspect of mining.

Now I am very excited to be a part of engineering team as Tailings Planning and Cost Control Engineer. I am excited to continue working with the great team at New Gold as we strive to help our company and community grow and prosper.



ENERGY PERFORMANCE

The success of the energy management program at New Afton is largely due to the workforce. This was demonstrated when New Afton's Ventilation Management System won the Association of Energy Engineers 2017 Innovative Energy Project of the Year for the Canadian Region. While the project was indeed innovative, the key to the energy savings is our employees switching fans off when not required. This is a great example of innovation combined with an energy conservation mindset.

Figure 1:

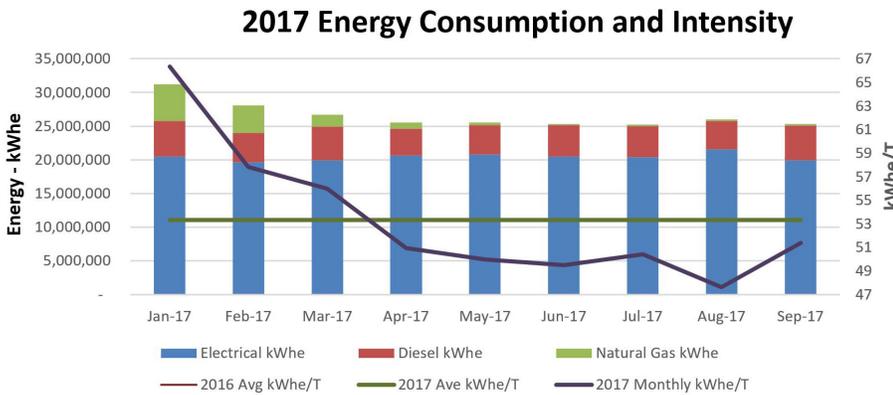
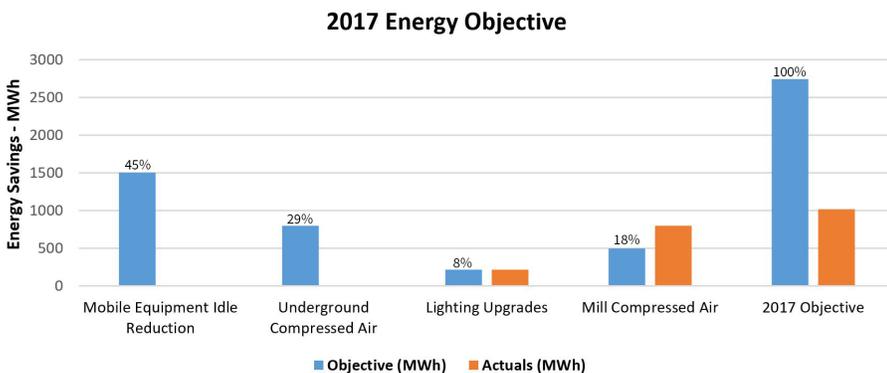


Figure 1 shows the 2017 energy consumption and total energy per tonne of ore milled. As of the end of September 2017, the average total energy per tonne of ore (2017 Ave kWh/T) was equal to the 2016 average (2016 Avg. kWh/T). Looking ahead, there is a very good possibility of our 2017 total energy per tonne of ore milled being less than in 2016.

Figure 2:



To date, the mine has achieved 38% of its 2017 energy objective, with the two major objectives, Mobile Equipment Idle Reduction and Reducing Underground Compressed Air Use, still to come. In addition, the following initiatives are in progress:

- The idle reduction campaign is in progress. A system to log engine data is being set up to help assess the impact of this campaign.
- A study of the underground compressed air system was completed. A number of the energy savings initiatives are being implemented.
- A diesel additive trial is in progress to assess whether this delivers reduced diesel consumption.
- An upgrade to the mill HVAC systems will reduce both natural gas and electricity consumption.

The likelihood of New Afton reaching its annual energy savings objective for the 4th consecutive year is high. Everyone at New Afton is showing, once again, that Energy Matters at New Afton.

OUR COMMUNITY

BC WILDFIRE RESPONSE

As temperatures start to drop, we think it's appropriate to look back at what was an unprecedented summer. British Columbia experienced the worst fire season on record with well over one million hectares burned.

New Afton Fire & Mine Rescue responded to three of these fires, one being a blaze sparked by lightning on Greenstone Mountain behind our property. With smoke highly visible from the mine site and Highway 1, New Afton crews quickly knocked down the fire before turning it over to the BC Wildfire Service (BCWS). Our team also assisted BCWS crews with a semi-truck that caught fire on the Coquihalla. Due to the significant fire response required throughout much of the province, the BCWS was only able to send one truck with limited water. New Afton Fire & Mine Rescue responded with one fire engine and were able

to extinguish the fire using firefighting foam alongside the BCWS.

The most significant contribution by New Afton Fire & Mine Rescue occurred on July 5th when an employee, Ryan Favali, came upon the scene of a motor vehicle accident and subsequent fire just off the Trans-Canada Highway in the Cherry Road area of Cherry Creek. The car had left the highway and hit a power pole, causing energized lines to drop onto a field of cured grass, setting it ablaze.

The occupant was able to exit the vehicle herself but the fire moved rapidly, consuming ten hectares in the minutes before New Afton Fire & Mine Rescue's arrival. Ryan must be credited for taking quick action and turning on a sprinkler in the rear of the home, buying New Afton's crew time.

Upon arrival, Engine 2 discovered a woodworking shop already fully engulfed by flames. The fire was right next to a home and had begun to melt the siding. In addition, three more homes and many outbuildings were being threatened by the fast-moving blaze. New Afton Fire & Mine Rescue sent two fire engines, one water tender, one command vehicle with a wildfire trailer and twelve responders. The New Afton crew was later assisted by the BCWS, who took over control of the scene. Our crew employed their training and were able to stop the fire before any homes or more structures were destroyed. The entire New Afton team is incredibly proud of our Fire & Mine Rescue crew for the difference they've made during this fire season.

BC SPCA KAMLOOPS & DISTRICT BRANCH

CONTRIBUTED BY LISA FULLER, KAMLOOPS BC SPCA COMMUNITY DEVELOPMENT MANAGER

New Gold's New Afton Mine and the Kamloops & District BC SPCA are proud partners of the 2018 calendar featuring the New Afton's Fire & Mine Rescue Team and BC SPCA animals. One hundred percent of sales will be generously contributed to our new Community Animal Centre and allow us to expand animal care and welfare services throughout the Thompson region.

The BC SPCA Kamloops branch is over 30 years old and is in serious need of being replaced as it does not meet current animal welfare standards. The building was not originally constructed as an animal shelter, making it difficult to prevent the spread of disease and infections. In addition to not meeting animal welfare standards, the current animal shelter and separate spay/neuter clinic are simply not big enough to meet the demands of the community. A new facility is required to meet the expanding needs of a growing community and region.

The new BC SPCA Kamloops & District Community Animal Centre will be a critical community hub for animal rescue and will be a special place to strengthen animal health, welfare, humane education and more. The Animal Centre will be approximately 10,300 square feet on 2.2 acres located at 2815 Tranquille Road across from the Kamloops Airport. It will include a spay/neuter clinic, a multi-purpose/community room, and animal shelter designed to be welcoming and meet animal welfare standards. It will have designated areas for animal treatment, assessments and isolation areas for sick and injured animals. The animal kennels and areas will have indoor/outdoor space and support movement and socialization while the animals await their forever homes.

The Kamloops & District BC SPCA team sincerely appreciates our partnership with New Gold's New Afton Mine and the generous support by the staff in our efforts to support animals in need within the Kamloops region. Thank you!



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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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.