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A NOTE FROM THE GENERAL MANAGER



I will be the first person to say that New Afton faced many challenges in 2018. In fact, it has been perhaps one of the most challenging years to date. Following New Gold's deferral of development for our C-zone project at the beginning of the year, we had to make difficult organizational decisions that resulted in changes to our workforce. New Afton is only as good as our employees and we certainly have some of the best and brightest.

Company-wide, we pride ourselves on ensuring that the health and safety of our team remains top priority. Despite that unwavering commitment, our health and safety program faced its fair share of setbacks in the first half of 2018. On top of that, we worked tirelessly to continue to demonstrate the feasibility of our C-zone project in the hopes that we would be able to continue development in the future. Needless to say, 2018 was by no means smooth sailing.

With that said, I am more than pleased to report that we have turned a corner. What is exciting about facing challenges - and hard to

remember when you are in the eye of the storm - is that ultimately, we as a team always overcome whatever obstacles present themselves. Whether it is turning our safety record around, allowing us to finish the year on track, or successfully securing the restart of B3 development, with continued exploration and further optimization and de-risking of C-zone on the horizon for 2019 - New Afton's future is bright, and we have our employees and community partners to thank.

As we look ahead to 2019, I see many opportunities on the horizon. We are committed to deepening and strengthening relationships with our partners, the Stk'emlupsemc te Secwépemc Nation. We pride ourselves on being responsible contributors to the local community through sponsorship and donations, environmental stewardship and engagement with local stakeholders - something that will continue to be a priority moving forward.

With all hands on deck as we enter this exciting new chapter at New Afton, the possibilities are truly endless.

John Ritter
General Manager

SAFETY CHAMPION

CHRYSTAL SIMON, ENVIRONMENT DEPARTMENT



The 2018 fourth quarter Safety Champion title has been awarded to Chrystal Simon from the Environmental team. Chrystal is New Afton’s Environmental Technician, working across the mine site to conduct environmental sampling and keep track of various environmental aspects such as wildlife, plants, waste management and weather. She regularly promotes safety within her team and beyond, addressing risks and hazards with a practical

approach. She is an active member of the New Afton Joint Occupational Health and Safety Committee (JOHSC) and contributes her experience and workplace knowledge to make New Afton an even safer place for all. Chrystal is often observed reducing slip hazards on site during snow fall events by ensuring that walkways in her area and around site are always clear of snow and adds salt when needed. Congratulations, Chrystal!

HEALTH AND SAFETY HIGHLIGHTS HAND INJURY PREVENTION

One of the Health and Safety department’s most successful programs in 2018 was their Hand Injury Prevention campaign. A set of six slides was presented to all supervisors, four posters were produced and distributed throughout the year and a hand-focused job task observation key performance indicator was implemented. Messaging focused on using the right gloves for the job, common causes of hand injuries and more. The campaign proved effective, contributing to an incredible 45% reduction in hand injuries over 2017.

REPORTABLE INJURIES	2018	2017	2016
Lost Time Injury	1	2	0
Medical Treatment Injury	4	4	4
Restricted Duties Injury	3	2	4

2018 IN NUMBERS

FINANCIAL REPORT - TOTAL SPEND

Taxes	2018	2017
BC Mineral Taxes	\$4,930,000	\$4,833,134

BY GEOGRAPHICAL AREA (CAD)	2018	2017
Local (Kamloops area)	\$104,768,170	\$90,657,642
Regional (BC)	\$44,801,852	\$48,405,937
National (excluding BC)	\$29,226,755	\$35,330,815
International	\$17,622,467	\$20,003,226

BY DISTRIBUTION CATEGORY (CAD)	2018	2017
Supplier	\$140,358,141	\$144,411,407
Insurance - wage	\$2,852,483	\$2,456,240
Insurance - commercial	\$2,188,721	\$2,445,768
Wages and salaries	\$51,019,899	\$45,084,203
Change in inventory	(\$8,947,872)	(\$3,141,946)
Sponsorship and donations	\$248,253	\$172,803

SAFETY AWARDS AND RECOGNITION

John T. Ryan Award

Lowest Reportable Injury Frequency

Safest Large Underground Mine Award

Provincial Mine Safety Award

Provincial Mine Rescue and First Aid Competition

Written Exam (1st Place)

First Aid (1st Place)

Underground Smoke (1st Place)

Practical Bench (1st Place)

Overall Underground Champions

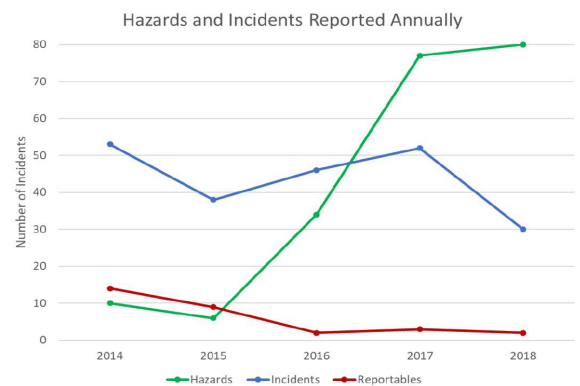
PRODUCTION PERFORMANCE

OUTPUTS	2018	2017
Ore Processed (thousand tonnes)	5,353	5,993
Tailings Produced (thousand tonnes)	5,214	5,842
Average gold grade of ore (g/tonne)	0.53	0.55
Average copper grade of ore (%)	0.87	0.85
Copper Produced (million pounds)	85.1	90.6
Gold Produced (ounces)	77,330	86,163



ENVIRONMENTAL HAZARD REPORTING

New Afton’s Environment Department prioritized hazard identification across site in 2018, setting a Key Performance Indicator (KPI) for each department to identify 12 potential environmental hazards. In 2017, only five out of six departments met or exceeded the same KPI. In an effort to increase overall awareness when it comes to environmental hazards and hazard recognition, the team engaged with employees throughout the year at morning meetings, special presentations and through regular email communications, resulting in all departments meeting or exceeding the KPI in 2018. Why promote hazard identification? Hazard reporting allows for proactive identification of trends and areas where we can focus to improve performance.



INDIGENOUS AGRICULTURE FORUM



In October, New Afton’s Environmental Coordinator Luke Holdstock presented at the 3rd Annual Indigenous Agriculture Forum, hosted by Community Futures Development Corporation of Central Interior First Nations (CFDC of CINFN). The presentation covered several aspects of the operation including closure planning, soil preparation, species selection, sourcing native seed, re-vegetation, monitoring, challenges, progressive reclamation and research. Following the formal presentation, the audience spent some time asking questions about topics from restoration to potential future employment opportunities.

ENVIRONMENTAL PERFORMANCE

INCIDENTS	2018	2017	2016
Environmental Non-Compliances	0	1	1
Externally Reportable Spills*	1	3	2
Number of Fines Incurred	0	0	0
External Complaints	1	4	0

*Externally Reportable Spill volumes vary, as per ministry spill reporting regulations.

New Afton maintained excellent environmental stewardship performance throughout 2018. We received one external formal complaint from Tk'emlups te Secwépemc regarding a summer student posting. The Human Resources department made a one-time exception and amended the wording of future postings for clarity.

TOWARD SUSTAINABLE MINING

NEW AFTON'S COMMITMENT TO EXCELLENCE

Toward Sustainable Mining (TSM) is a set of tools and indicators provided by the Mining Association of Canada (MAC) to ensure systems are in place to manage key risks. While adherence to the TSM principles are not a regulatory requirement, they are a requirement of MAC members. New Afton is committed to safe, responsible mining and TSM is an effective way to ensure we are both meeting and exceeding social, environment, health and safety, energy and tailings management standards. In 2018, New Afton's self-assessed 2017 results against six TSM protocols were externally verified. With the exception of the Crisis Management and Communication Planning protocol which requires a simple "yes" or "no", all other protocols are scored based on level of implementation from B to AAA.

BIODIVERSITY CONSERVATION MANAGEMENT

Commitment, Accountability and Communication	AAA
Biodiversity Conservation Planning and Implementation	AAA
Biodiversity Conservation Reporting	AA

CRISIS MANAGEMENT AND COMMUNICATION PLANNING

Crisis Management Preparedness	Y
Review	Y
Training	Y

SAFETY AND HEALTH

Policy, Commitment and Accountability	AA
Planning, Implementation and Operation	AAA
Training, Behaviour and Culture	AAA
Monitoring and Performance	AAA
Performance	AAA

ENERGY USE AND GHG EMISSIONS MANAGEMENT

Energy Use and GHG Emissions Management Systems	AAA
Energy Use and GHG Emissions Reporting Systems	AAA
Energy Use and GHG Emissions Performance Targets	AAA

ABORIGINAL AND COMMUNITY OUTREACH

Community of Interest (COI) Identification	AA
Effective COI Engagement and Dialogue	AAA
COI Response Mechanism	AAA
Reporting	AA

TAILINGS MANAGEMENT

Tailings Management Policy and Commitment	AA
Tailings Management System	AA
Assigned Accountability and Responsibility	AA
Annual Tailings Management Review	AA
Operation, Maintenance and Surveillance (OMS) Manual	AAA

EMPLOYEE SPOTLIGHT

JERICO GASPAR - ASSAYER



Jerico Gaspar started working for New Afton in 2011. He migrated to Canada from the Philippines in 2001 and has since been working in mining industry. He received his diploma in Bachelor of Science in Geology from the University of the Philippines. He enjoys working at New Afton as an Assayer. He values the knowledge and training that New Afton provides and shares what he learns to the team. He recently attended and presented at the 2018 Canadian Mineral Analyst conference. In this conference, he won the best technical paper for his work on "Methods and Instrumentation towards more precision and accuracy in Copper Titration". Jerico's favorite sport is bowling but enjoys occasional golf and eating out with his co-workers.

OUR PEOPLE

Year-End 2018	2018		2017	
	Count	Percentage	Count	Percentage
Total # of Employees on Payroll	403	100%	430	100%
Employees from BC	372	92%	396	92%
Employees hired from Kamloops region	318	79%	342	80%
Employees hired from BC, outside Kamloops	54	13%	54	13%
Employees from outside BC	29	7%	29	7%
Employees from outside Canada	5	1%	5	1%
Indigenous Employees	90	22%	94	22%
Employees from Tk'emlúps te Secwépemc and Skeetchestn Indian Band	29	7%	46	11%
Female Employees	50	12%	45	11%
Male Employees	353	88%	385	89%
Average Age	41		40	



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

newgold.com/careers/new-afton-project/careers  @NewAfton

WELLNESS CHALLENGE



2018 marked the first-ever New Afton site-wide Wellness Challenge, led by the Human Resources department. The program was developed as a way to engage employees in new or improved healthy living activities and habits. Using a LifeWorks framework and their online platform, employees were asked to complete a Health Risk Assessment (HRA) to develop anonymous baseline data that would enable New Afton and LifeWorks to develop relevant challenges that would address certain areas for improvement that are specific to New Afton.

Over the entire year, employees participated in four unique challenges, each with its own theme and set of criteria that addressed one of the identified areas for improvement. The challenges involved activity and steps, proper and sufficient sleep, nutrition and weight management.

In this first year of the program, New Afton achieved an average 30% participation rate across the site, with 38 employees competing in all four challenges. The Human Resources department will continue the Wellness Challenge framework with a new set of programs in 2019 with the hope of increasing employee engagement, participation and overall wellness.

ENERGY PERFORMANCE

ENERGY SAVINGS AT NEW AFTON CONTINUE

New Afton exceeded its 2018 objective by 174%. This is the fifth year in a row that the mine has exceeded its annual energy objective. Helped, somewhat, by a warmer December than normal, New Afton's achieved its lowest total energy per tonne of ore milled since the first full year of commercial production in 2013. This is testament to the improvements in energy performance at the mine. The 2018 energy intensity will become the new baseline for 2019.

These achievements were only possible through the combined effort of all employees and contractors at the mine. New Afton has shown, once again, that Energy Matters.

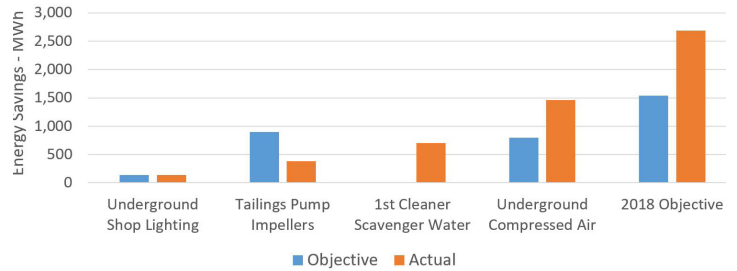
MOVING FORWARD

The energy objective for 2019 is to implement energy performance improvement initiatives which give an annualized energy savings of 1,620 MWh. Initiatives planned, or in progress, to help us achieve this objective are:

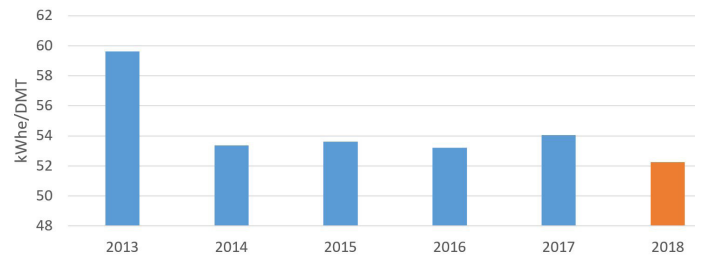
- Achieve 50% of the 2019 energy objective through the implementation of employee and contractor suggestions.
- Collect real-time data from mobile equipment to identify areas for energy performance improvement.
- Utilize the new control system to optimize the mill heating ventilation and air conditioning systems, to reduce both natural gas and electricity consumption.
- Improve the energy performance of the mill compressed air system through the addition of a 5,000 gallon compressed air receiver.

New Afton is looking forward to another energy efficient year!

2018 Energy Savings and Objective



2013-2018 Energy Intensity



RESOURCE INDUSTRY AWARD

KAMLOOPS CHAMBER OF COMMERCE BUSINESS EXCELLENCE AWARDS

In October, New Afton was awarded the Resource Industry Award by the Kamloops Chamber of Commerce at the 2018 Business Excellence Awards. The award criteria required the winning business to have demonstrated success through innovation, quality products or service and excellent customer and/or employee relationships. The judging panel visited New Afton as part of the deliberation process, touring around to various parts of the operation including the Assay Lab, Tailings Dam and Mine Operations building. The tour highlighted various innovative programs at New Afton in 2018, from the implementation of autonomous scoops underground to a new ColdBlock assay technique and even our site-wide Health and Safety Stretching Leaders Program.



New Afton's Mill Operations Superintendent, John Andrew, poses with two members of the judging panel in the Assay Lab.

KEEPING KAMLOOPS WARM SUPPORTING THE OUT OF THE COLD SHELTER PROGRAM

Throughout the fall, New Afton ran a jacket campaign to raise funds and collect new or gently-used jackets to help those in need. Employees were given the option to pay for a portion of a New Gold-branded jacket, with New Afton covering the remaining cost. All of the money collected from employees went straight to the Out of the Cold program, which houses and feeds people facing homelessness in Kamloops. As an added incentive, employees were also able to bring in up to three new or gently-used winter jackets to reduce their required donation. At the end of the campaign, New Afton employees donated \$5,440 and over 200 jackets to the folks at the Out of the Cold program.



TOURING NEW AFTON - AN INDUSTRY ASSOCIATION PERSPECTIVE

SUBMITTED BY LINDSAY KISLOCK, VICE PRESIDENT CORPORATE AFFAIRS, MINING ASSOCIATION OF BC

In July of 2018, MABC President and CEO Bryan Cox and I had the pleasure of being invited to visit and tour the New Afton Mine site. It was the first time either of us had been underground – and once we overcame our nervousness on the descent – we truly enjoyed the experience. We were most impressed with New Afton’s commitment to safety and innovation. Seeing the technology in action was a highlight, particularly watching an operator control an autonomous scoop from another area of the mine. It was also a pleasure to learn about New Afton’s approach to building a safety culture, starting from the initial hire to supporting a world class mine rescue team.

Over the coming months we plan to focus on demonstrating the mining sector’s commitment to safety and innovation in British Columbia. Observing effective safety culture in action at New Afton will help us use local experience to communicate the message to a greater audience.



We greatly admired the quality of the entire operation, especially New Afton’s priority in supporting the local community. From a recent Mining Association of BC study, we know there are 390 mining and mining supply companies working in the Kamloops area, generating approximately \$219,000,000 in revenue for the local and provincial economy. We were impressed to learn that New Afton Mine provides well-paying jobs to more than 400 residents in the Kamloops area. In addition to the significant contribution to the local and provincial economy, New Afton Mine is also a leader in sharing benefits with local First Nations. With contracts in the \$20 million range, New Afton is supporting economic reconciliation locally.

Lindsay Kislock

Vice President Corporate Affairs, MABC

NEW AFTON WELCOMES YOUR FEEDBACK!

CALL US AT (250) 377-2100 OR EMAIL SAMUEL.NUMSEN@NEWGOLD.COM
FOR A CHANCE TO WIN A PRIVATE TOUR UNDERGROUND!

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?

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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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.