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ON BEYOND NEW AFTON

We would like to acknowledge that we are located on the Stk'emlúpsenc te Secwépemc territory, situated within the unceded traditional lands of the Secwépemc Nation. New Afton appreciates the partnership that we have with the Stk'emlúpsenc te Secwépemc Nation and respect the territory and land on which we work, gather and play.

A NOTE FROM THE FINANCE MANAGER



2022 has been a difficult year for worldwide supply chains. COVID-19 continues to have a significant impact on supply chains between Asia, North America and Europe. As well, the Russia-Ukraine war and shipping congestion at Chinese ports are creating difficulties in manufacturing and transporting products. The

New Afton Supply Chain team is working hard to minimize those impacts. We have regular meetings with our key suppliers to discuss product availability and delivery times, we have increased our inventory levels for critical items such as ground support and mill chemicals, and we have been actively working on sourcing alternative North American suppliers where possible.

Another key initiative for the Supply Chain group is the implementation of New Afton's Cooperation Agreement (CA) with the Stk'emlúpsenc te Secwépemc Nation (SSN). Since the CA was signed in October 2021, we have been diligently working on business development with Indigenous partners. We are planning on hosting a community session early this fall to promote employment opportunities and build connections between suppliers and Indigenous businesses. We believe it is important to develop these connections so that people can have opportunities to create businesses or find jobs in their local communities. We want these sessions to be an avenue to ask us and our suppliers questions, and for us to provide insight into what we are looking for in a business partner.

As New Afton continues to grow through projects like Thickened and Amended Tailings (TAT) and battery electric vehicles, there is significant pressure for on-site warehousing space. One of the solutions to this dilemma is vertical storage. Vertical storage uses an elevator system to store parts more efficiently while also improving ergonomics and pick accuracy. One unit can store over 700 cubic feet. We have two units ordered and the Warehouse team is currently preparing the management of change and planning to have them installed later this fall.

The Supply Chain group is also looking at how we can improve New Afton's environmental footprint. We are discussing how parts are packaged and delivered to site with several vendors. By changing ordering options for items like diesel exhaust fluid and canola oil, we aim to reduce how much packaging is required to get these supplies delivered. Additionally, we are working closely with the Maintenance group to reduce packaging that comes to site by improving our kitting and delivery options for rebuilds. We are working with our vendors to supply reusable containers that will carry the required parts for an upcoming repair. The mechanics can pick the parts out of the container and then send the container back to be restocked for the next rebuild.

2022 is expected to continue to be a challenging year. However, the Supply Chain group has the skills and dedication to meet those challenges and position New Afton for success.

Bryan Swanton
Finance Manager

NEW AFTON TAT FACILITY BEGINS OPERATIONS

THICKENED AND AMENDED TAILINGS CHART A NEW PATH ON SITE

New Afton Mine achieved a significant milestone this year upon the completion of Phase 1 of the Thickened and Amended Tailings (TAT) Facility. The TAT Facility accepted its first slurry in April and was taken over by Operations in late May.

New Afton’s TAT Facility uses a paste thickener to reduce the amount of water released in its tailings. This allows more water to be recycled back to the mill, which is expected to lower the site’s overall water consumption. New Afton’s TAT will also be stored in the Historic Afton Open Pit (HAOP), which is an improvement upon New Afton’s already strong tailings safety measures. “The advantage of putting tailings into the open pit is that there are no tailings dams, so we eliminate the costs and risks of tailings dams by going to the in-pit deposition,” said Project Controls Lead Kevin Swedburg.

TAT was identified as an objective for New Afton in 2017, with early preparations beginning in 2018. The existing New Afton Tailings Storage Facility (NATSF) was not



New Afton’s TAT Facility. Kathleen Fisher Photography

projected to have the capacity for B3 and C-Zone mining. As a result, New Afton’s team began pursuing TAT as a method of safely storing tailings in the open pit.

The completion of Phase 1 of the TAT project marked the culmination of four years of employees’ efforts. Swedburg joined the project in 2018 as a Senior Metallurgist in the mill. Alongside four co-op students, he managed a pilot project that provided the framework of the current TAT operation. When the

approval process for a permanent TAT Facility began, Swedburg moved to the project full time.

As the TAT Facility was being developed, the project’s direction was guided by two priorities. New Afton’s safety commitments meant that every risk associated with moving to in-pit storage had to be identified and mitigated. Meanwhile, New Afton had to make sure its neighbours were given meaningful opportunities for consultation.

“A key part of switching to this in-pit deposition of TAT was getting our mining permit amended,” Swedburg said. “Through that permitting process there was a lot of stakeholder engagement work, providing technical information to all the stakeholders outside of New Gold. It was important to us to have the community, the Stk’emlúpsmc te Secwépemc Nation (SSN) and other groups receive opportunities to review our plans and provide their feedback.”

The most important thing since the TAT start-up has been how New Afton’s departments have worked together to achieve their priorities.

“What is going to make the TAT Facility a successful operation is all the input we are receiving from the Operations team,” Swedburg said.

New Afton’s TAT is currently being fed to the NATSF and is intended to be rerouted to the HAOP once the current facility reaches capacity.

HUMAN RESOURCES BY THE NUMBERS

EMPLOYEE COMPOSITION (6 months ended June 30)

	Q2 2022	
Total # of Employees on Payroll	677	100%
Employees from BC	614	91%
Employees hired from Kamloops region	534	79%
Employees hired from BC, outside Kamloops	80	12%
Employees from outside BC	63	9%
Indigenous Employees	146	22%
First Nations Employees from Tk’emlúps te Secwépemc and Skeetchestn	41	6%
Female Employees	116	17%
Male Employees	561	83%
Average Age	39	

PERFORMANCE BY THE NUMBERS

OUTPUTS (6 months ended June 30)	H1 2022	H1 2021
Ore Processed (thousand tonnes)	1,971	2,476
Tailings Produced (thousand tonnes)	1,938	2,426
Average gold grade of ore (g/tonne)	0.37	0.41
Average copper grade of ore (%)	0.45	0.72
Copper Produced (million pounds)	15.6	32.0
Gold Produced (ounces)	19,183	26,082

ENVIRONMENTAL SCORECARD

INCIDENTS (6 months ended June 30)	H1 2022	H1 2021
Environmental Non-Compliances	0	0
Externally reported spills	3	3
Number of fines incurred	0	0



Kathleen Fisher Photography

NEW AFTON EMPLOYEES MAKING A DIFFERENCE

Throughout the year, New Afton employees have been active in the causes that they care about. By working together, New Afton team members have been able to turn small, individual efforts into meaningful impacts.

GOBYBIKE WEEK

Between May 30 and June 5, 25 New Afton employees participated in GoByBike week as part of the New Gold Metal Pedals team. During GoByBike week, previously known as Bike to Work Week, participants are encouraged to record each occasion they fit biking or carpooling into their routine, regardless of where they are going or why. The Metal Pedals logged a total of 2,026 kilometres during the week, saving an estimated 439 kilograms of greenhouse gas emissions. This exceptional effort led to New Afton employees making up over 5% of registered riders in Kamloops and contributing 13% of the city's recorded kilometres.

EARTH RANGERS SCHOOL ASSEMBLIES

New Afton has partnered with Earth Rangers for the past seven years in a row to help organize lessons on wildlife conservation for elementary school students in neighbouring communities. During the 2021/2022 school year, Earth Rangers held virtual events sponsored by New Afton in 14 schools across Kamloops and one in Savona, reaching 3,378 students. These schools were selected by New Afton employees through a site-wide vote. By supporting Earth Rangers, New Afton hopes to help instill a lifelong passion for sustainability into the next generation.

SSN APPRENTICESHIP PROGRAM CREATES ON-SITE SUCCESS STORIES

TRADES SPONSORSHIP OPENS DOORS FOR FIRST NATIONS EMPLOYEES

Since 2017, New Afton has partnered with the Stk'émłúpsəmc te Secwépəmc Nation (SSN) to offer trades apprenticeships to SSN member employees. Through SSN, candidates can qualify for assistance in preparing for assessments and interviews, and become eligible for a book and tuition cost-sharing plan, all while completing their apprenticeship working in their field at New Afton. Together, New Afton and SSN provide the tools and environment for success.

“I was always interested in trades and electrical was the one that always stuck out to me,” said Jake Barron, a third year electrical apprentice and current program recipient from Skeetchestn. “I applied and ended up getting it, which was a complete 180 in my life and was awesome.”

Before beginning his apprenticeship, Barron had been employed at New Afton as a mechanical labourer. After a couple months on the job, he was approached about the opportunity to take the next step in his career.

Supporting employee growth builds a positive workplace culture and can allow workers to learn new skills while remaining with the mine. In the case of the SSN apprenticeship program, it also helps New Afton and Indigenous partners strengthen ties with one another.

The program is entering its third cycle, having led to one employee receiving their Red Seal certification as a heavy duty mechanic in addition to Barron's current apprenticeship. The third offering is expected to be made early in the fall of 2022.

The accessibility and ease of applying for the program was something that stuck out to Barron. “It was really seamless,” he said. “I learned about the opportunity, updated my cover letter and resume, then spoke with HR about the process before sending my application in.”

The joint support from SSN and New Afton helps create a launching point for the careers of the program's recipients. “It's incredible. They cover my tuition, they cover my books, and I am able to get my salary while going to school, which is huge,” said Barron.

A commitment to development, which includes the personal development of employees and passing on benefits to local communities, is a key value at New Afton. Success stories like Barron's demonstrate New Afton's efforts to put its values into practice and highlight the benefits of SSN and New Afton's partnership.



Jake Barron. Kathleen Fisher Photography

NEW GOLD WOMEN IN TRADES AND TECHNOLOGY RESOURCE CENTRE UNVEILED

After six months of construction, the New Gold Women in Trades and Technology (WITT) Resource Centre is officially part of the Thompson Rivers University (TRU) campus. The opening of the WITT Resource Centre follows a \$100,000 donation from New Gold to TRU in December of 2021. Lisa Newman, a dual ticketed electrician and instrumentation technician at New Afton and a graduate of TRU's trades program, emphasized the long-term impact of the Resource Centre.

"The Resource Centre will create a hub of support and mentorship for women seeking a career in trades, which will help to empower women as they pursue new career opportunities," said Newman. "By building a stronger sense of community among women through the Resource Centre, it will help current students succeed in the program and through those success stories my hope is that more women are encouraged to explore opportunities in trades."



New Gold's Lisa Newman (left) and the BC Centre for Women in the Trades' Karen Burrows (right).

IT'S OUR EMPLOYEES WHO MAKE US GREAT AT ENERGY MANAGEMENT

PEOPLE ARE THE KEY

As New Afton's Energy Specialist arrived at the mine one morning, three employees were carpooling on their way home. As they pulled alongside each other at the security gate, the driver leaned out the window, said, "We're carpooling because..." and the passengers called out in unison, "Energy Matters!"

These few seconds captured why energy management at New Afton has been so successful; because of its people.

It is remarkable what New Afton has achieved in 11 years of energy management. Some energy savings highlights include:

- Cumulative energy savings sufficient to supply more than 3,500 average BC homes with energy each year.
- Eight awards for various energy management initiatives, including the prestigious international Clean Energy Ministerial (CEM) Energy Management Award of Excellence.



A battery electric scoop underground at New Afton Mine.

- Being the first mine in North America to be certified to the ISO 50001 Energy Management Standard.
- Achieving AAA ratings for the Mining Association of Canada's Towards Sustainable Mining Energy and Greenhouse Management protocol.

People are the key to successful energy management. Without the passionate support and buy-in of New Afton's employees, the mine would not have accomplished nearly as much as it has over the past 11 years. New Afton employees have stepped up and showed the world that Energy Matters!



Candice Camille Photography

ENGAGING WITH FIRST NATIONS PARTNERS IN THEIR COMMUNITIES BEYOND NEW AFTON OPEN HOUSES

In May, members of the Beyond New Afton (BNA) committee held open houses in the Stk'emlúpsmc te Secwépemc Nation (SSN) member communities of Tk'emlúps and Skeetchestn. These sessions were opportunities for New Afton to facilitate the completion of the BNA survey and for community members to learn more about New Gold and make connections with mine employees. Alongside SSN's Employment and Training department, the events included booths representing New Afton's Environment, Procurement, Human Resources, and Community teams.

BNA is a social closure program that began in 2019 to help mitigate the social impacts when the New Afton Mine eventually closes. While the current anticipated mine life is 2030, New Gold continues to explore opportunities to further extend the mine life.

The partnership shared by SSN and New Afton makes the mine's future a shared topic of interest. By completing the BNA survey, First Nations community members were able to express their hopes for the project.

"I would like to thank T'kemplups te Secwepemc and Skeetchestn Indian Band for welcoming us into their communities to engage with band members," said New Afton's Indigenous Relations & Community Superintendent Korah De Walt-Gagnon. "This will help us learn how we can build a plan for the future together."

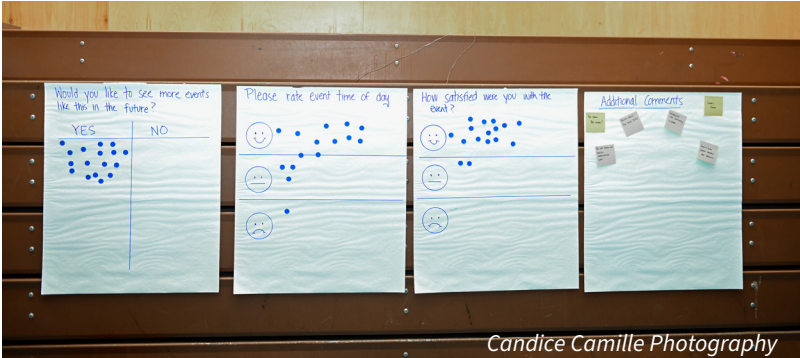
Going out into community also helped raise awareness of the survey and increased participation. As of August 24, 2022, 117 members of Tk'emlúps te Secwépemc and 44 members of Skeetchestn had filled out the survey, amounting to 17% of the 927 total responses. The data from Tk'emlúps te Secwépemc and Skeetchestn resulted in confidence rates of 95% and 90%, respectively.

Engagement with New Afton's First Nations partners had originally been scheduled for 2020 but was delayed because of the COVID-19 pandemic. According to the current timeline, results from the completed BNA surveys will be analyzed in the fall of 2022. The project's Social Impact Plan is set to be drafted early in 2023.



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COMMUNITY ENGAGEMENT FEEDBACK



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Participant feedback was actively sought throughout New Afton’s outreach efforts in First Nations partner communities for Beyond New Afton (BNA).

In Skeetchestn, open house attendees were encouraged to respond to a brief assessment of their experience at the event. Additionally, both BNA events featured a Let’s Talk booth where visitors could vote on which of New Afton’s material topics were most important to them or leave questions and comments about the mine.

Overall, reception of the Skeetchestn event was positive. Everyone who took part in the evaluation expressed interest in seeing similar events in the future and most respondents said they were satisfied with the event. While many respondents also rated the event time of day well, some guests left comments highlighting that the event occurred during work hours and on social assistance day. The BNA committee discussed taking such concerns into account when planning future engagements.

The feedback New Afton received is meant to help the team improve future engagement events and public communications.



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NEW AFTON MATERIAL TOPICS	VOTES
Water	143
First Nations Relations and Engagement	113
Health and Safety	92
Air Quality and Dust	80
Community Impacts	70
Tailings Storage	50
Public Reporting and Communication	34
Regulatory Commitments	20
Processing of Ore and Unrefined Products	12
Permitting	10



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WE WELCOME YOUR FEEDBACK

 @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.newafton@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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this newsletter are "forward-looking". All statements in this newsletter, other than statements of historical fact, which address events, results, outcomes or developments that New Gold expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking statements in this newsletter include, among others, statements with respect to: the planned community session and intended timing thereof; proposed projects at New Afton and anticipated timing and next steps; the ongoing initiatives for reducing New Afton's environmental footprint; expectations for the remainder of 2022; expectations regarding lowering New Afton's water consumption; intended plans for the TAT; the SSN apprenticeship program and projected timing and benefits; New Afton's life of mine and exploring possible extension opportunities; and intended timelines for analyzing BNA surveys and drafting the Social Impact Plan.

All forward-looking statements in this newsletter are based on the opinions and estimates of management that, while considered reasonable as at the date of this newsletter in light of management's experience and perception of current conditions and expected developments, are inherently subject to important risk factors and uncertainties, many of which are beyond New Gold's ability to control or predict. Certain material assumptions regarding such forward-looking statements are discussed in this newsletter, New Gold's latest annual management's discussion and analysis ("MD&A"), annual information form ("AIF") and technical reports on the New Afton Mine filed on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. In addition to, and subject to, such assumptions discussed in more detail elsewhere, the forward-looking statements in this newsletter are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations other than as set out herein; (2) political and legal developments in jurisdictions where New Gold operates, or may in the future operate, being consistent with New Gold's current expectations; (3) arrangements with First Nations and other Aboriginal groups in respect of the New Afton Mine being consistent with New Gold's current expectations; and (4) all required permits, licenses and authorizations being obtained from the relevant governments and other relevant stakeholders within the expected timelines.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including the "Risk Factors" included in New Gold's most recent AIF, MD&A and other disclosure documents filed on and available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Forward looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All forward-looking statements contained in this newsletter are qualified by these cautionary statements. New Gold expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.