



Drafted by: Danielle Smyth, PD MMPO
Approved by: Amy Avila, ED MMPO
Peter Robb, ADM, MMRD

√
√

Ref: 98432

Mr. Tim Bekhuys
New Gold Inc.
Suite 1800 Two Bentall Centre
555 Burrard Street Box 212
Vancouver, BC V7X 1M9

Dear Mr. Bekhuys:

Email: Tim.Bekhuys@NewGold.com

We are writing to confirm the Ministry of Energy and Mines' (MEM) and the Ministry of Forests, Lands and Natural Resource Operations' (FLNR) commitment to work with New Gold Inc. to pursue an early permitting approach for the proposed Blackwater Gold Mine Project (Project). It is our understanding that phasing the permitting process will allow New Gold Inc. to seek provincial Authorizations for early construction activities ahead of major permits, including the *Mines Act* permit, if an Environmental Assessment certificate (EAC) is received.

MEM and FLNR have worked collaboratively with Provincial regulatory agencies to confirm the feasibility of an early permitting approach. This approach is described in the attached document: *Blackwater Early Permitting – Work Plan*. MEM will continue to work with New Gold Inc. to further develop this document and confirm the details of an early permitting process which will include the required permit list, application information requirements, First Nations consultation requirements and the schedule for review and decision.

We note that the Province's ability to complete the review and issue decisions on early permits is contingent on the discretion of the respective statutory decision makers and the Project's environmental assessment process concluding an EAC being issued. We understand that the environmental assessment is currently suspended pending adequate information on water treatment and water quality and completion of referral materials. The Environmental Assessment Office's (EAO) estimate is that, if New Gold Inc. submits its revised information in the timelines anticipated and that information adequately addresses the remaining issues, then the environmental assessment process is projected to conclude in June 2017. MEM's proposed schedule for early permitting is based on this date. Further delays during the environmental assessment process would

.../2

ultimately lead to delays in moving forward with an early permitting process, however, MEM will work closely with New Gold Inc. and EAO to monitor these timelines.

The Province encourages and requests that New Gold Inc. investigate the necessity of federal approvals including federal environmental assessment approval, for the early works being contemplated under this approach.

Subject to EAC issuance, MEM and FLNR look forward to working with New Gold Inc. on early permitting.

Sincerely,

Honourable Bill Bennett
Minister of Energy and Mines



Honourable Steve Thomson
Minister of Forests, Lands and Natural
Resource Operations

Enclosure

pc: Elaine McKnight
Deputy Minister
Ministry of Energy and Mines

Peter Robb
Assistant Deputy Minister
Ministry of Energy and Mines

Kevin Kriese
Assistant Deputy Minister
Ministry of Forests, Lands and Natural Resource Operations

Mark Zacharias
Assistant Deputy Minister
Ministry of Environment

Amy Avila
Executive Project Director
Major Mine Permitting Office

Shelley Murphy
Executive Project Director
Environmental Assessment Office

MINISTRY OF ENERGY AND MINES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Bill Bennett, Minister of Energy and Mines

II ISSUE: Feasibility and policy implications of early permitting on the Blackwater Project

III BACKGROUND:

New Gold Inc.'s (New Gold) Blackwater Gold Project (Project) is a proposed open pit gold-silver mine located in central BC, approximately 110 km southwest of Vanderhoof which will produce 60,000 tonnes per day during its 17-year mine life.

The Project's estimated capital cost of construction is \$1.865 billion including a 140 km long 230 kV transmission line. The Project is expected to employ 1,500 people during construction and 500 during operation which will be a significant contribution to the area given the Mountain Pine Beetle epidemic and associated decline in the region's forestry industry. Since 2012, the Project has hired more than 550 employees and contractors, 23 percent from First Nation communities and between 30-65 percent from the local region.

The 180-day environmental assessment (EA) review started in January 2016 and was suspended on August 15, 2016, at New Gold's request, to provide sufficient time to address three key issues: water treatment, transmission line re-route and caribou. The suspension will remain in effect until adequate information has been received and the Environmental Assessment Office has undertaken its assessment of the information, completed consultation and issue resolution and developed its referral package for Ministers' decision.

Should these issues be resolved in a timely manner it is anticipated that the earliest the Project could be referred would be the spring of 2017. Once an EA decision has been issued, permitting would follow and at the earliest, construction would occur in 2019-2022 with operations beginning in 2022.

On November 24, 2016 New Gold senior executives met with the Ministers of Transportation and Infrastructure and Energy and Mines along with Deputy Ministers from the Premier's Office to discuss upcoming opportunities and challenges with New Gold's two BC assets (Blackwater and New Afton). The focus of this meeting was on opportunities for the Province and New Gold to de-risk the Project by finding ways to transition soon-to-be displaced forestry workers into early Project construction jobs. This included a discussion on opportunities for partnering on the construction of the transmission line from Highway 16 (see Appendix A).

Subsequent to the November 24 meeting, Ministry of Energy and Mines (MEM) staff met to discuss the potential for federal funding for the development of the Project transmission line. It is unlikely that an application to the Federal government for infrastructure funding would be successful given the lack of other potential loads in the area, distances to connect remote, small First Nation communities and lack of supply alternatives for the Project.

IV DISCUSSION:

Given the lack of a sound justification on the request for the Province to construct and/or contribute to the Project transmission line, the focus over the past two weeks has been New Gold's request for consideration of an early permitting approach. This approach would seek Provincial Authorizations for early construction activities ahead of major permits including the *Mines Act* permit once an EA Certificate (EAC) is received. Early activities under consideration include:

- Site Clearing for Tailings Storage Facility (TSF) and mine pit site;
- Access road and transmission line from the main line (i.e. clearing right of ways);
- Establishment of a construction camp;
- Water works to support camp; and
- Construction of the air strip.

New Gold is pursuing an early permitting approach for two reasons:

1. New Gold is undergoing an internal evaluation of its assets to determine priorities for investment and believe that early permitting would support initial investment in the Project, spread costs over the life of the Project and demonstrate progress and viability; and
2. New Gold has been working closely with local and First Nations communities in the area and believes workers in the region are ready to be trained for employment opportunities available through the early permitting activities. This would also help bridge existing gaps in regional employment and economic development opportunities and spread the economic benefits of the Project over a longer number of years.

MEM met with New Gold on December 15, 2016 to discuss the early permitting approach. New Gold will produce a map and further details on the scope of each of the early permitting components over the coming weeks. The scope and spatial location of early activities will inform what permits are required including whether authorization under the *Mines Act* will be required. It is anticipated that the following Provincial Authorizations are likely required:

Project Activity	Permit(s) Required	Statutory Decision Maker
Site Clearing for Tailings Storage Facility (TSF) and mine pit site	<ul style="list-style-type: none"> • Occupant Licence to Cut • Licence of Occupation 	Ryan Hall
Access road and transmission line from the main line (i.e. clearing right of ways)	<ul style="list-style-type: none"> • Occupant Licence to Cut • Licence of Occupation 	Ryan Hall

and beginning to build towers	<ul style="list-style-type: none"> • Special Use Permit 	
Establishment of a construction camp	<ul style="list-style-type: none"> • Occupant Licence to Cut • Licence of Occupation • Special Use Permit 	Ryan Hall
Water works to support camp	<ul style="list-style-type: none"> • Occupant Licence to Cut • Licence of Occupation • Water Licence 	Ryan Hall Phillip Krauskopf
Construction of the air strip	<ul style="list-style-type: none"> • Occupant Licence to Cut • Licence of Occupation 	Ryan Hall

Should an early permitting approach be approved New Gold's proposed construction activities and operational dates would be advanced by a year (i.e construction would begin in 2018).

Policy Considerations

MEM has considered similar requests from other proponents however; the context was slightly different as the proponent (Seabridge Gold) was seeking *Mines Act* authorization. The KSM Project was granted permits to do conduct further exploration work which included building a tunnel, roads and other associated infrastructure following receipt of their EAC as it was anticipated that there would be a significant amount of time between EAC issuance and permitting.

Early permitting is not always a preferred approach as it can lead to multiple processes and First Nation consultation on the same project. In order for the Province to consistently evaluate and determine when early permitting may be appropriate, it is developing a policy framework to assess these types of requests. Some of the factors MEM is considering include:

- Activities that are subject to an EA must first receive their EAC before any permits can be issued, however MEM would be prepared to work with proponents to ensure their applications contain the necessary information for the permits they will be requesting;
- The nature and extent of potential benefits that early permitting would enable;
- Determination and receipt of the appropriate bonding to address liability and the ability to reclaim any potential disturbance;
- The degree and nature of the proposed disturbance;
- Where *Mines Act* authorizations are required, proponents must adhere to legislative requirements including those under the Mine Health Safety and Reclamation Code;
- No mineral production beyond bulk sampling unless the proponent holds a mineral lease; and
- Demonstrated First Nation and community support for the early permitting approach.

Given the upcoming financial decisions that New Gold will be making with respect to the Project versus other potential investment and development opportunities, they are seeking a response from the Province on early permitting by the third week of January. Most of

the currently identified authorizations are not within the scope of MEM's legislation. Preliminary conversations with other agencies indicate a willingness to consider early permitting approaches depending on the scope of activities and potential impacts to resources.

V NEXT STEPS:

- MEM will work with New Gold to determine the scope of construction activities and required permits for the early permitting approach;
- MEM will work with other Provincial agencies to assess the legal and policy implications of New Gold's request; and
- MEM will develop a policy framework to assess any future, similar requests.

APPENDICES:

Appendix A - Background on New Gold's Transmission Line Request

PREPARED BY:

Danielle Smyth, Project Director, MMPO
Chris Trumpy, Executive Director, MEM

REVIEWED BY:

Peter Robb, ADM, MEM✓
Elaine McKnight, DM

Appendix A - Background on New Gold's Transmission Line Request

- Project load is between 105 and 120 MW, mostly for ore crushers
- Interconnection to the BC Hydro system would be at the Glennanon substation west of Fraser Lake
- The Project Transmission Line (Line), including a new more westerly realignment for the first section, would be a 140 km, 230 kV line south to the Project. The 2014 cost estimate was \$80M and current estimate is up to \$95M.
- Project load would utilize 40-50% of the Line's capability. There are some other mineral exploration activities in the area, plus some wind and hydro IPP prospects, but no imminent other users for the Line.
- Under the BC Hydro industrial tariff, the costs of connecting the system are fully the responsibility of the new industrial customer. If new loads came afterward and wanted to connect to the Line, New Gold could recoup a portion of its initial capital costs.
- For the Northern Transmission Line (NTL), the 287 kV line was sized larger than needed for the initial user (Altagas, which paid its avoided 138 kV transmission line cost of \$180M) and included a federal infrastructure contribution of \$130M.
- More recent federal infrastructure contributions are being targeted to projects that reduce GHGs (New Gold would never consider diesel for a load of this magnitude), or that assist getting remote First Nations communities off of diesel.
- Kluskus IR#1, 24 km southeast of the mine site has a population of 40. Larger communities such as Anahim Lake (1,500), Hagensborg (250), Bella Coola (1,900) and Q'umk'uts (900) are along a 100 km stretch of Highway 20 starting 83 km south-southwest of the Project. There is a sawmill in Anahim Lake run off diesel that has been idle for 2 years.

Blackwater Early Permitting - Work Plan

1 Background

New Gold Inc.'s (New Gold) Blackwater Gold Project (Project) is a proposed open pit gold-silver mine located in central BC, approximately 110 km southwest of Vanderhoof which will produce 60,000 tonnes per day during its 17-year mine life.

The 180-day environmental assessment (EA) review started in January 2016 and was suspended on August 15, 2016, at New Gold's request, to provide sufficient time to address water treatment. Two other key issues impacting the EA are the transmission line re-route and caribou. Should these issues be resolved in a timely manner it is anticipated that the earliest the Project could be referred would be June 2017. Once an EA decision has been issued, permitting would follow and at the earliest, construction would occur in 2019-2022 with operations beginning in 2022.

New Gold has requested an early permitting approach which would seek Provincial Authorizations for early construction activities ahead of major permits once an EA Certificate (EAC) is received. Early activities under consideration include:

- Site Clearing for Tailings Storage Facility (TSF) and mine pit site;
- Access road and transmission line from the main line (i.e. clearing right of ways);
- Establishment of a construction camp;
- Water works to support camp; and
- Construction of the air strip.

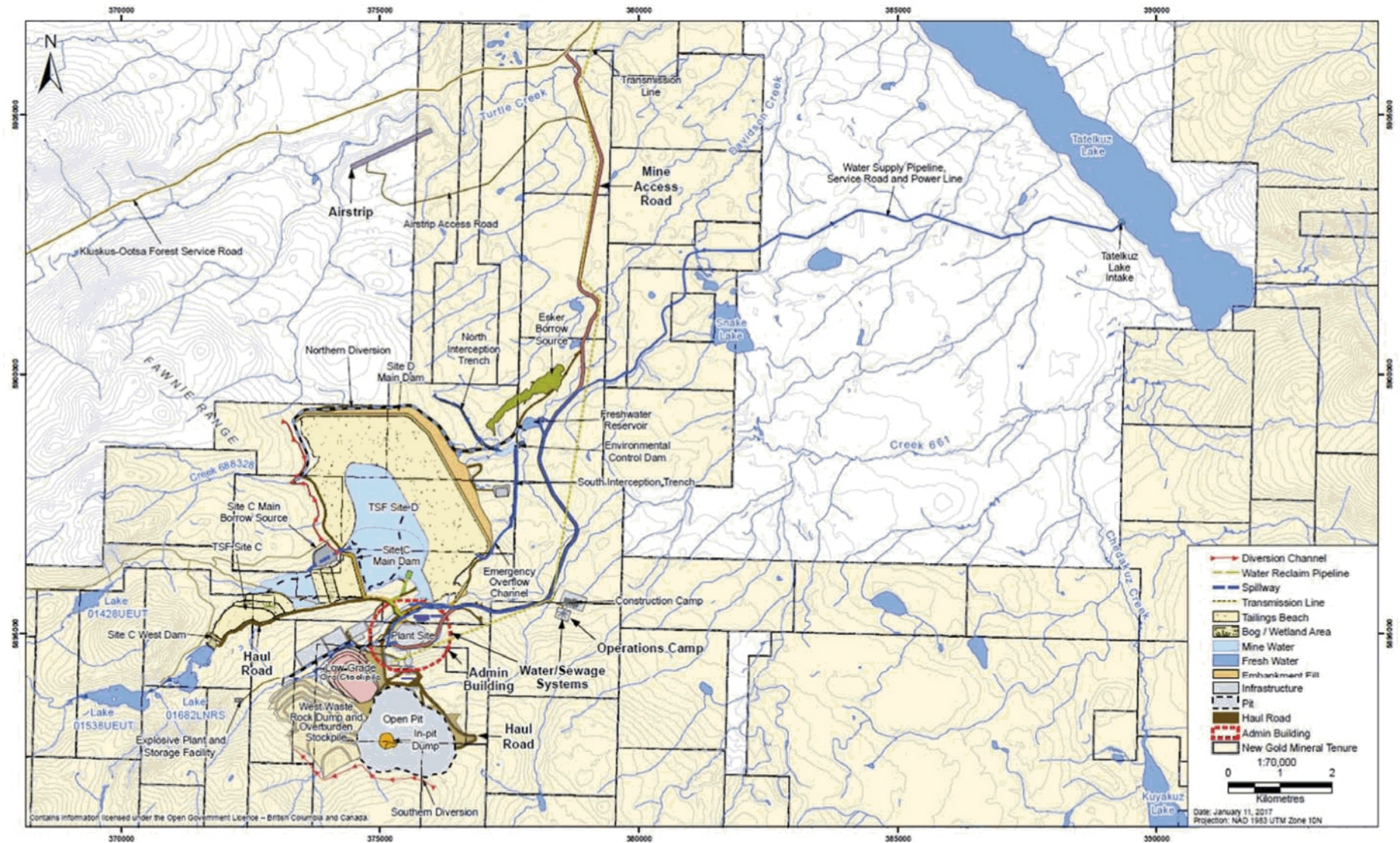
The purpose of this work plan is to outline:

1. The scope and spatial location of early activities (section 2);
2. Required permits and application information requirements (section 3);
3. Schedule for early permit phase (section 4); and
4. Approach to First Nations consultation (section 5).

2 Scope and Location

New Gold has not yet determined their proposed mining lease boundary or mine site boundary therefore it is unclear which activities under early permitting would fall within and outside the mine site. As a result, activities would need to be permitted under FLNRO permits and once the mine site boundary is set, these activities may need to be considered under a *Mines Act* permit. New Gold has provided a map (Figure 1) with proposed locations of early activities.

Figure 1: Map of Blackwater Project Proposed Mine Site and Project Activities



3 Project Activities and Permit List

Figure 2 outlines early construction activities and required permits.

- The only early activity not expected to require the EAC to be issued is the geotechnical drilling. This can be covered by MEM through a Notice of Work and would be processed separate from the bundle of early permits.
- Northern Health permits require the EAC to be in place prior to issuance. These permits would be reviewed with the bundle.
- All other early activities require authorization under MOE and FLNRO. These permits require the EAC to be in place prior to issuance and would be reviewed with the bundle.
- Once New Gold has determined its mining lease and mine site boundaries, the permit requirements may need to be adjusted.

Figure 2: Project Activities and Permit List

Project Activity	Explanation	Permit(s) Required	Decision Maker/Agency	Existing Permits	EAC Required	Timeline for Review	Provincial Agency Contact
Geotechnical Fieldwork	Confirmation drilling and analysis of ground conditions. Mainly TMA related.	<ul style="list-style-type: none"> Notice of Work Occupant License to Cut 	MEM FLNRO Stuart Nechako District	MX-13-177; New Notice of Work application for additional works required OLTC, to be revisited	No No	60 days	Brian Oke Lori Borth
Primary site access road	~ 30 km's of access road from the main Forest Service Road into the mine site	<ul style="list-style-type: none"> Occupant License to Cut Special Use Permit 	FLNRO Stuart Nechako District FLNRO Stuart Nechako District	OLTC, to be revisited	Yes Yes	90 days	Lori Borth Lori Borth
Mine site roads	Roads within the mine site required to reach infrastructure and mine facilities	<ul style="list-style-type: none"> Occupant License to Cut Special Use Permit 	FLNRO Stuart Nechako District FLNRO Stuart Nechako District	OLTC, to be revisited	Yes Yes	90 days	Lori Borth Lori Borth
Camp	Establishment of a 1000 person construction camp (amendment for current 250 person exploration camp)	<ul style="list-style-type: none"> Occupant License to Cut License of Occupation Special Use Permit Registration under Municipal Wastewater Regulations Incinerator approval for garbage (Air Discharge Permit) Construction of Potable Water Treatment Permit Operation of Potable Water Treatment Permit Food Service Permit 	Bowes-Lyon, Lea-Marie MEM:EX: Both OLTC and LoO are identified here. Clarify which authority to be used. FLNRO Stuart Nechako District FLNRO -Lands Omineca Region FLNRO Stuart Nechako District MOE MOE Northern Health Northern Health Northern Health	OLTC, to be revisited Yes Yes MWR Registration #105882 Authorization 106530 Yes Yes Yes	Yes Yes Yes Yes Yes Yes Yes	90 days 140 days TBD 90 days 21-28 days 21-28 days	Lori Borth Ryan Hall Lori Borth Luc Lachance Luc Lachance Erin Nielsen Erin Nielsen Erin Nielsen
Water and Services	Water and sewage systems to support camp	<ul style="list-style-type: none"> Occupant License to Cut License of Occupation Water License (for freshwater supply of water consumption) 	FLNRO Stuart Nechako District FLNRO -Lands Omineca Region FLNRO - Water Stewardship Omineca Region	OLTC, to be revisited	Yes Yes Yes	90 days	Lori Borth Ryan Hall Phillip Krauskopf
Admin Office	Site and project management offices	<ul style="list-style-type: none"> Occupant License to Cut License of Occupation 	FLNRO Stuart Nechako District FLNRO -Lands Omineca Region	OLTC, to be revisited	Yes Yes	90 days 140 days	Lori Borth Ryan Hall
Logging and basic site preparation	Site Clearing for Tailings Storage Facility (TSF), mine pit site and transmission line from the main line	<ul style="list-style-type: none"> Occupant License to Cut License of Occupation Interim License of Occupation - Statutory Right of Way 	FLNRO -Stuart Nechako District FLNRO -Lands Omineca Region FLNRO -Lands Omineca Region	OLTC, to be revisited	Yes Yes Yes	90 days 140 days 140 days	Lori Borth Ryan Hall Ryan Hall
Airstrip	Construction of a 1,700 metre airstrip	<ul style="list-style-type: none"> Occupant License to Cut License of Occupation 	FLNRO Stuart Nechako District FLNRO -Lands Omineca Region	OLTC, to be revisited	Yes Yes	90 days 140 days	Lori Borth Ryan Hall
General Construction	Any construction activity	<ul style="list-style-type: none"> Site Alteration Permit (Heritage Conservation Act) 	FLNRO - Heritage Branch		Yes	90 days	Eric Forgeng

Bowes-Lyon, Lea-Marie MEM:EX: Which of these is NG's preferred method of permitting? SRW survey costs are likely prohibitive. Both Kemess and Mt. Milligan TL have LoO.

4 Schedule

Figure 3 compares the expected permitting timelines with early works timelines provided by New Gold. Assumptions include:

- All applications (except the Notice of Work) would be submitted as a bundle to be reviewed through coordinated process coordinated by the Major Mine Permitting Office;
- EAC decision issued June 2017;
- The earliest New Gold would be seeking permits is second half of 2017;
- Decisions on permits for activities not requiring EAC (i.e. Notice of Work) can be issued in advance of EAC;
- Further discussions with Provincial Agencies may result in changes to the schedule and MMPO will make efforts to reduce timelines where possible.

Figure 3: Permitting Timelines and New Gold Timelines

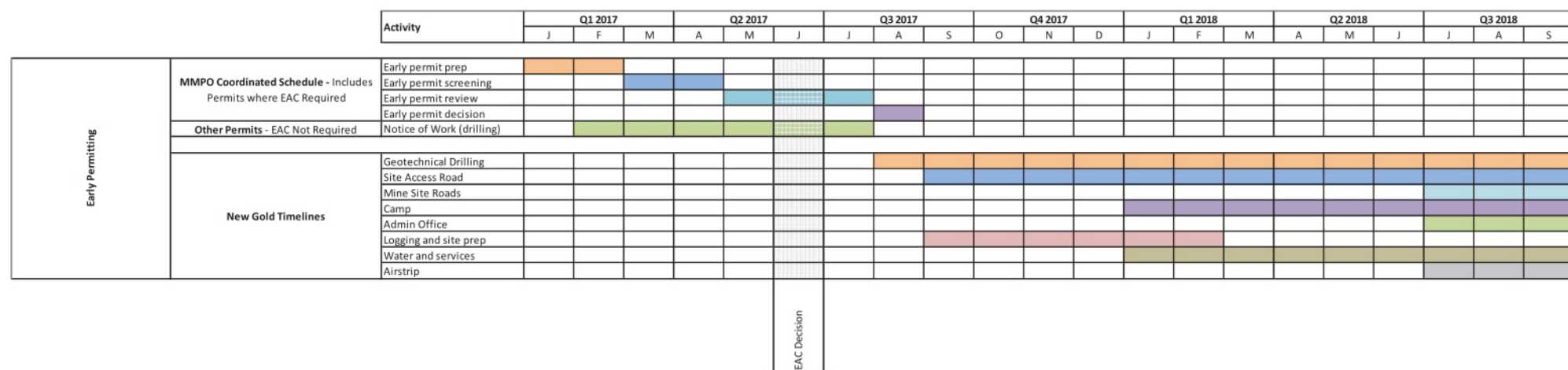


Figure 4 outlines a draft detailed schedule for the coordinated bundle of permits which excludes the Notice of Work. This schedule is meant for discussion purposes and is based on preliminary feedback from Provincial Agencies on durations expected for review of early permitting applications. The schedule is dependent on the outcome of the EA timelines on a decision.

Figure 4: Draft Detailed Early Permitting Schedule

Blackwater Early Permitting Schedule - For all permits excluding Geotech Drilling Notice of Work				
Activities	Start Date	End Date	Duration (business days)	Duration (calendar days)
Proponent develops Application with Input from Permitting Agencies, First Nations	02-Jan-17	09-Mar-17	47	63
Pre-Application Meeting(s)	TBD		1	1
Proponent Completes Application Package for Submission and Screening	10-Mar-17		1	1
Screening				
MRC/Permitting Agency Screening Comments	11-Mar-17	30-Mar-17	14	20
Proponent Responses	31-Mar-17	06-Apr-17	5	7
Meeting to discuss screening comments/responses	TBD		1	1
MRC/Permitting Agency Review Screening Responses and Issue Screening Decision	07-Apr-17	11-Apr-17	3	5
Proponent Final Application Prep	12-Apr-17	18-Apr-17	3*	7
Review				
Review Starts	19-Apr-17		1	1
Round 1 MRC/Permitting Agency Comments	19-Apr-17	08-May-17	14	19
Round 1 Proponent Responses	09-May-17	17-May-17	7	8
Round 2 MRC/Permitting Agency Comments	18-May-17	29-May-17	7*	11
Round 2 Proponent Responses	30-May-17	07-Jun-17	7	8
Round 3 MRC/Permitting Agency Comments	08-Jun-17	14-Jun-17	5	7
Round 3 Proponent Responses	15-Jun-17	19-Jun-17	3	5
Permits drafted	20-Jun-17	30-Jun-17	9	10
Draft Permits Shared with Proponent for Comment	01-Jul-17	07-Jul-17	5*	7
Revisions Made to Permits	08-Jul-17	14-Jul-17	5	7
Draft MRC Report and Permits Issued for MRC Review	15-Jul-17	21-Jul-17	5	7
Final Edits to MRC Report, First Nations Consultation Report and Permits	22-Jul-17	26-Jul-17	3	5
Final Decision Packages Sent to Statutory Decision Makers	27-Jul-17		1	1
103 business days (3.5 months) from time of application submission				
Decisions				
Coordinated Authorizations Decisions Considered	27-Jul-17	TBD		
Coordinated Authorizations Decisions Issued	TBD			

*over stat holiday; stats are subtracted from business day duration

Assumptions

All applications submitted as a bundle to be reviewed through coordinated process
 EAC decision issued June 2017
 New Gold seeking permits second half of 2017
 Decisions on permits required for activities not requiring EAC can be issued in advance
 Further discussions with Provincial Agencies may result in changes to the schedule; MMPO will make efforts to reduce timelines where possible

5 First Nations Consultation

The Project and its ancillary components such as the transmission line and road overlap with the traditional territories of the Carrier Sekani First Nations (CSFNs), Cheslatta Carrier Nation (CCN), Lhoosk'uz Dene Nation (LDN) and the Ulkatcho First Nations (UFN) (see Figure 5 at end of section).

5.1 CSFNs

The Province and CSFNs signed the Collaboration Agreement in April 2015, which sets out, amongst other things, a framework for collaborative decision-making with respect to the use and development of lands and resources within CSFNs' territories.

The CSFNs and the Province agree to treat the Project as a Major Project within the meaning of section 5.3 of the Collaboration Agreement. In the spirit of collaboration and the advancement of reconciliation between the Crown and the CSFNs, the Parties will seek consensus on recommendations submitted to BC Statutory Decision Makers (SDMs) responsible for early permitting approvals related to Project components located within the CSFNs' territory.

In view of the fact that only the transmission line and access road overlap with the CSFNs' territory, the Province will seek consensus with CSFNs on only those permits that relate to building these pieces of infrastructure. These would be considered major approvals under the Collaboration Agreement and the Occupant Licence to Cut, the Licence of Occupation and the Special Use Permit. The Province will utilize the Linear Corridor Working Group (LCWG) to seek consensus on matters that are essential to addressing potential impacts to CSFNs' Aboriginal title, rights and interests. The scope of work for the LCWG is limited to addressing potential negative impacts on CSFNs' Aboriginal rights, title, and interests related to the construction of the proposed transmission line and required access roads.

With respect to early permitting for authorizations related to the mine site (i.e. geotechnical drilling), the Province will consult the CSFNs according to its constitutional and common law obligations and principles.

The Province will utilize the Mine Review Committee (MRC) as the venue for conducting the consultation with the CSFNs in relation to the remainder of the mine site permits.

5.2 Lhoosk'uz Dene Nation & Ulkatcho First Nations

LDN and UFN traditional territories overlap with the mine site as well as parts of the transmission line. Both LDN and UFN are signatories to an MOU with EAO, which outlines a collaborative engagement process for the environmental assessment.

The MOU stipulates that EAO and LDN/UFN will seek consensus in relation to proposed EAC conditions and will work toward development of consensus conclusions in the Assessment Report and the EA report on impacts on rights and title as well as the adequacy of consultation. The MOU does not contemplate an issues resolution process or an opportunity for LDN/UFN to meet with the EAO Executive Director or Minister.

For early permitting for the Project, the Province would seek to enter into a similar arrangement with LDN/UFN. The scope of consensus seeking would be on permit conditions for all permits that are required for the construction and operation of the Project components located within LDN/UFN

traditional territory. More information is forthcoming from New Gold regarding the precise location of these works, which will inform the specific permits under consideration, which would be subject to a consensus seeking 'collaboration light' arrangement with LDN/UFN.

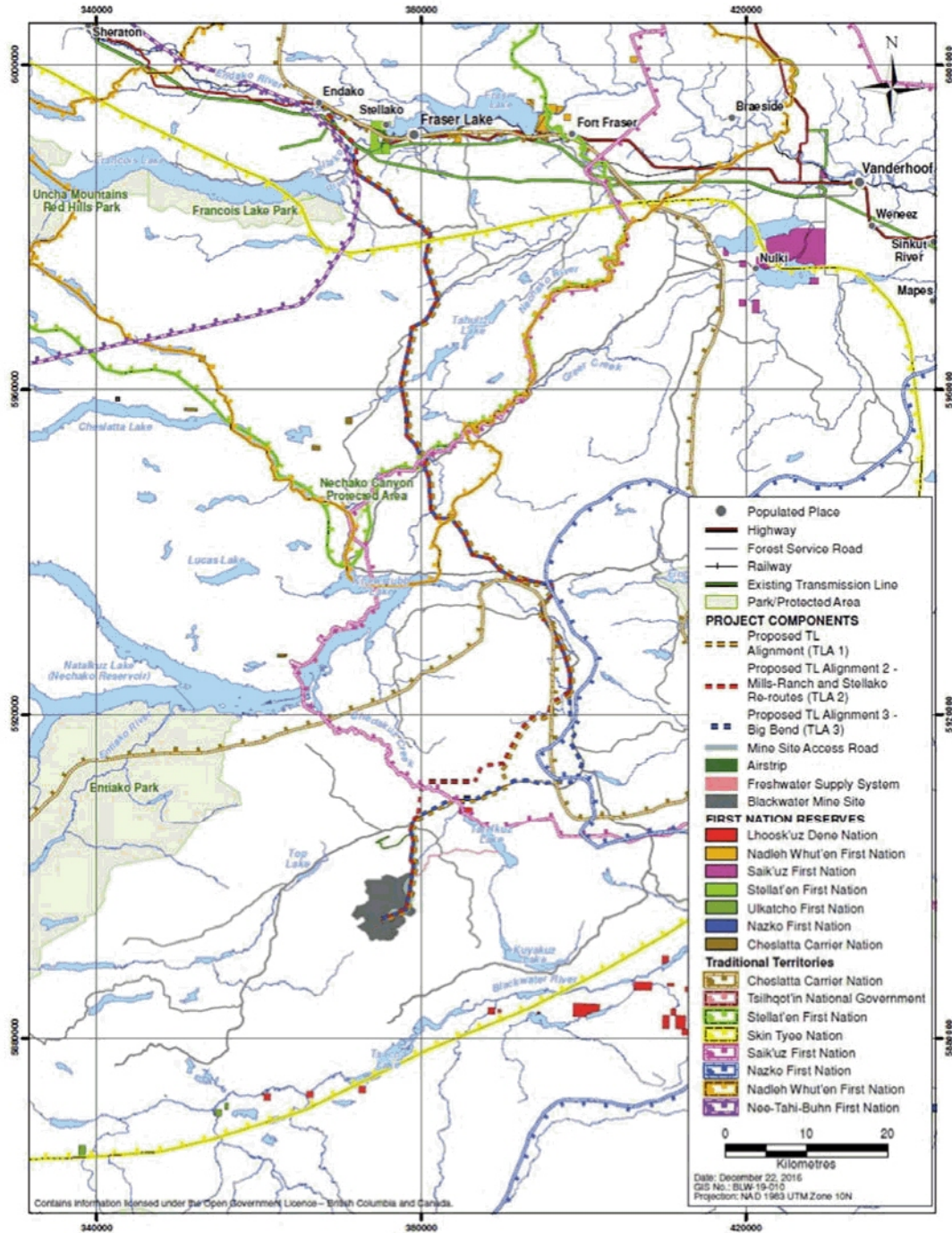
Following the model of the MOU established through the EA, the Parties will seek consensus on recommendations submitted to BC SDMs responsible for early permitting approvals related to Project components located within LDN/UFN traditional territories. More specifically, the Parties will seek consensus on draft permit conditions as well as the consultation summary report, which forms part of the decision package for SDMs' consideration.

The Province will utilize the MRC as the venue for conducting the consultation with the LDN and UFN in relation to the remainder of the mine site permits.

5.3 Cheslatta Carrier Nation

The new route for the transmission line is likely going to cross CCN traditional territory. However, it is anticipated this overlap will be restricted to the CCN's recently expanded territory. In view of this, the Province will provide notification to CCN for early permitting related to the Project.

Figure 5: First Nations Territories and Proposed Transmission Line Routes





February 10, 2017

Ref: 98432

Mr. Tim Bekhuys
New Gold Inc.
Suite 1800 Two Bentall Centre
555 Burrard Street Box 212
Vancouver, BC V7X 1M9

Email: Tim.Bekhuys@NewGold.com

cc: Elaine.McKnight@gov.bc.ca
Peter.Robb@gov.bc.ca
Kevin.Kriese@gov.bc.ca
Mark.Zacharias@gov.bc.ca
Amy.Avila@gov.bc.ca
Shelley.Murphy@gov.bc.ca

Dear Mr. Bekhuys:

We are writing to confirm the Ministry of Energy and Mines' (MEM) and the Ministry of Forests, Lands and Natural Resource Operations' (FLNR) commitment to work with New Gold Inc. to pursue an early permitting approach for the proposed Blackwater Gold Mine Project (Project). It is our understanding that phasing the permitting process will allow New Gold Inc. to seek provincial Authorizations for early construction activities ahead of major permits, including the *Mines Act* permit, if an Environmental Assessment certificate (EAC) is received.

MEM and FLNR have worked collaboratively with Provincial regulatory agencies to confirm the feasibility of an early permitting approach. This approach is described in the attached document: *Blackwater Early Permitting – Work Plan*. MEM will continue to work with New Gold Inc. to further develop this document and confirm the details of an early permitting process which will include the required permit list, application information requirements, First Nations consultation requirements and the schedule for review and decision.

.../2

**Ministry of
Energy and Mines and
Minister Responsible
for Core Review**

Office of the Minister

**Mailing Address:
PO Box 9060, Stn Prov Govt
Victoria, BC V8W 9E2**

**Telephone: 250 387-5896
Facsimile: 250 356-2965**

We note that the Province's ability to complete the review and issue decisions on early permits is contingent on the discretion of the respective statutory decision makers and the Project's environmental assessment process concluding an EAC being issued. We understand that the environmental assessment is currently suspended pending adequate information on water treatment and water quality and completion of referral materials. The Environmental Assessment Office's (EAO) estimate is that, if New Gold Inc. submits its revised information in the timelines anticipated and that information adequately addresses the remaining issues, then the environmental assessment process is projected to conclude in June 2017. MEM's proposed schedule for early permitting is based on this date. Further delays during the environmental assessment process would ultimately lead to delays in moving forward with an early permitting process, however, MEM will work closely with New Gold Inc. and EAO to monitor these timelines.

The Province encourages and requests that New Gold Inc. investigate the necessity of federal approvals including federal environmental assessment approval, for the early works being contemplated under this approach.

Subject to EAC issuance, MEM and FLNR look forward to working with New Gold Inc. on early permitting.

Sincerely,



Honourable Bill Bennett
Minister of Energy and Mines



Honourable Steve Thomson
Minister of Forests, Lands and Natural
Resource Operations

Enclosure



Drafted by: Danielle Smyth, PD MMPO
Approved by: Amy Avila, ED MMPO
Peter Robb, ADM, MMRD

√
√

Ref: 98432

Mr. Tim Bekhuys
New Gold Inc.
Suite 1800 Two Bentall Centre
555 Burrard Street Box 212
Vancouver, BC V7X 1M9

Dear Mr. Bekhuys:

Email: Tim.Bekhuys@NewGold.com

We are writing to confirm the Ministry of Energy and Mines' (MEM) and the Ministry of Forests, Lands and Natural Resource Operations' (FLNR) commitment to work with New Gold Inc. to pursue an early permitting approach for the proposed Blackwater Gold Mine Project (Project). It is our understanding that phasing the permitting process will allow New Gold Inc. to seek provincial Authorizations for early construction activities ahead of major permits, including the *Mines Act* permit, if an Environmental Assessment certificate (EAC) is received.

MEM and FLNR have worked collaboratively with Provincial regulatory agencies to confirm the feasibility of an early permitting approach. This approach is described in the attached document: *Blackwater Early Permitting – Work Plan*. MEM will continue to work with New Gold Inc. to further develop this document and confirm the details of an early permitting process which will include the required permit list, application information requirements, First Nations consultation requirements and the schedule for review and decision.

We note that the Province's ability to complete the review and issue decisions on early permits is contingent on the discretion of the respective statutory decision makers and the Project's environmental assessment process concluding an EAC being issued. We understand that the environmental assessment is currently suspended pending adequate information on water treatment and water quality and completion of referral materials. The Environmental Assessment Office's (EAO) estimate is that, if New Gold Inc. submits its revised information in the timelines anticipated and that information adequately addresses the remaining issues, then the environmental assessment process is projected to conclude in June 2017. MEM's proposed schedule for early permitting is based on this date. Further delays during the environmental assessment process would

.../2

ultimately lead to delays in moving forward with an early permitting process, however, MEM will work closely with New Gold Inc. and EAO to monitor these timelines.

The Province encourages and requests that New Gold Inc. investigate the necessity of federal approvals including federal environmental assessment approval, for the early works being contemplated under this approach.

Subject to EAC issuance, MEM and FLNR look forward to working with New Gold Inc. on early permitting.

Sincerely,

Honourable Bill Bennett
Minister of Energy and Mines

Honourable Steve Thomson
Minister of Forests, Lands and Natural
Resource Operations

Enclosure

pc: Elaine McKnight
Deputy Minister
Ministry of Energy and Mines

Peter Robb
Assistant Deputy Minister
Ministry of Energy and Mines

Kevin Kriese
Assistant Deputy Minister
Ministry of Forests, Lands and Natural Resource Operations

Mark Zacharias
Assistant Deputy Minister
Ministry of Environment

Amy Avila
Executive Project Director
Major Mine Permitting Office

Shelley Murphy
Executive Project Director
Environmental Assessment Office



Drafted by: Danielle Smyth, PD MMPO
Approved by: Amy Avila, ED MMPO
Peter Robb, ADM, MMRD

√
√

Ref: 98432

Mr. Tim Bekhuys
New Gold Inc.
Suite 1800 Two Bentall Centre
555 Burrard Street Box 212
Vancouver, BC V7X 1M9

Dear Mr. Bekhuys:

Email: Tim.Bekhuys@NewGold.com

We are writing to confirm the Ministry of Energy and Mines' (MEM) and the Ministry of Forests, Lands and Natural Resource Operations' (FLNR) commitment to work with New Gold Inc. to pursue an early permitting approach for the proposed Blackwater Gold Mine Project (Project). It is our understanding that phasing the permitting process will allow New Gold Inc. to seek provincial Authorizations for early construction activities ahead of major permits, including the *Mines Act* permit, if an Environmental Assessment certificate (EAC) is received.

MEM and FLNR have worked collaboratively with Provincial regulatory agencies to confirm the feasibility of an early permitting approach. This approach is described in the attached document: *Blackwater Early Permitting – Work Plan*. MEM will continue to work with New Gold Inc. to further develop this document and confirm the details of an early permitting process which will include the required permit list, application information requirements, First Nations consultation requirements and the schedule for review and decision.

We note that the Province's ability to complete the review and issue decisions on early permits is contingent on the discretion of the respective statutory decision makers and the Project's environmental assessment process concluding an EAC being issued. We understand that the environmental assessment is currently suspended pending adequate information on water treatment and water quality and completion of referral materials. The Environmental Assessment Office's (EAO) estimate is that, if New Gold Inc. submits its revised information in the timelines anticipated and that information adequately addresses the remaining issues, then the environmental assessment process is projected to conclude in June 2017. MEM's proposed schedule for early permitting is based on this date. Further delays during the environmental assessment process would

.../2

ultimately lead to delays in moving forward with an early permitting process, however, MEM will work closely with New Gold Inc. and EAO to monitor these timelines.

The Province encourages and requests that New Gold Inc. investigate the necessity of federal approvals including federal environmental assessment approval, for the early works being contemplated under this approach.

Subject to EAC issuance, MEM and FLNR look forward to working with New Gold Inc. on early permitting.

Sincerely,



Honourable Bill Bennett
Minister of Energy and Mines



Honourable Steve Thomson
Minister of Forests, Lands and Natural
Resource Operations

Enclosure

pc: Elaine McKnight
Deputy Minister
Ministry of Energy and Mines

Peter Robb
Assistant Deputy Minister
Ministry of Energy and Mines

Kevin Kriese
Assistant Deputy Minister
Ministry of Forests, Lands and Natural Resource Operations

Mark Zacharias
Assistant Deputy Minister
Ministry of Environment

Amy Avila
Executive Project Director
Major Mine Permitting Office

Shelley Murphy
Executive Project Director

Environmental Assessment Office



Drafted by: Danielle Smyth, PD MMPO
Approved by: Amy Avila, ED MMPO
Peter Robb, ADM, MMRD

√
√

Ref: 98432

Mr. Tim Bekhuys
New Gold Inc.
Suite 1800 Two Bentall Centre
555 Burrard Street Box 212
Vancouver, BC V7X 1M9

Dear Mr. Bekhuys:

Email: Tim.Bekhuys@NewGold.com

We are writing to confirm the Ministry of Energy and Mines' (MEM) and the Ministry of Forests, Lands and Natural Resource Operations' (FLNR) commitment to work with New Gold Inc. to pursue an early permitting approach for the proposed Blackwater Gold Mine Project (Project). It is our understanding that phasing the permitting process will allow New Gold Inc. to seek provincial Authorizations for early construction activities ahead of major permits, including the *Mines Act* permit, if an Environmental Assessment certificate (EAC) is received.

MEM and FLNR have worked collaboratively with Provincial regulatory agencies to confirm the feasibility of an early permitting approach. This approach is described in the attached document: *Blackwater Early Permitting – Work Plan*. MEM will continue to work with New Gold Inc. to further develop this document and confirm the details of an early permitting process which will include the required permit list, application information requirements, First Nations consultation requirements and the schedule for review and decision.

We note that the Province's ability to complete the review and issue decisions on early permits is contingent on the discretion of the respective statutory decision makers and the Project's environmental assessment process concluding an EAC being issued. We understand that the environmental assessment is currently suspended pending adequate information on water treatment and water quality and completion of referral materials. The Environmental Assessment Office's (EAO) estimate is that, if New Gold Inc. submits its revised information in the timelines anticipated and that information adequately addresses the remaining issues, then the environmental assessment process is projected to conclude in June 2017. MEM's proposed schedule for early permitting is based on this date. Further delays during the environmental assessment process would

.../2

ultimately lead to delays in moving forward with an early permitting process, however, MEM will work closely with New Gold Inc. and EAO to monitor these timelines.

The Province encourages and requests that New Gold Inc. investigate the necessity of federal approvals including federal environmental assessment approval, for the early works being contemplated under this approach.

Subject to EAC issuance, MEM and FLNR look forward to working with New Gold Inc. on early permitting.

Sincerely,

Honourable Bill Bennett
Minister of Energy and Mines

A handwritten signature in black ink, appearing to read "Steve Thomson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Honourable Steve Thomson
Minister of Forests, Lands and Natural
Resource Operations

Enclosure

pc: Elaine McKnight
Deputy Minister
Ministry of Energy and Mines

Peter Robb
Assistant Deputy Minister
Ministry of Energy and Mines

Kevin Kriese
Assistant Deputy Minister
Ministry of Forests, Lands and Natural Resource Operations

Mark Zacharias
Assistant Deputy Minister
Ministry of Environment

Amy Avila
Executive Project Director
Major Mine Permitting Office

Shelley Murphy
Executive Project Director
Environmental Assessment Office

From: Costa, Sarina MEM:EX
To: [Cochrane, Marlene MEM:EX](#)
Cc: [McCann, Meghan MEM:EX](#); [Wallace-Deering, Eric MEM:EX](#); [Considine, Jonathan MEM:EX](#); [Grewal, Simrath MEM:EX](#); [Denniston, Tristan M MEM:EX](#)
Subject: STAFF/MATERIAL REQUIRED - Meeting with New Gold Blackwater Project Reps - Febuary 1st in Prince George
Date: Thursday, January 5, 2017 4:13:27 PM

Hi Marlene. Further to Peter Robb's advice below, a meeting is now confirmed with Minister Bennett and New Gold Blackwater Project Reps as follows:

DATE: Wednesday, February 1st, 2017

TIME: 9:30 to 10:00am

LOCATION: Gleason Room, Coast Inn of the North Hotel, 777 Brunswick Street, Prince George

ATTENDEES: New Gold Blackwater Project Reps: Tim Bekhuys, Director and Ryan Todd, Environmental Manager

Please arrange for appropriate staff/material.

Thanks very much, and let me know if any questions.

*Sarina Costa
Administrative Co-ordinator to the
Honourable Bill Bennett
Minister of Energy and Mines and
Minister Responsible for Core Review
250-387-5226*

From: Robb, Peter L. MEM:EX
Sent: Tuesday, November 29, 2016 11:11 AM
To: Wallace-Deering, Eric MEM:EX
Cc: McKnight, Elaine L MEM:EX; Denniston, Tristan M MEM:EX; Costa, Sarina MEM:EX; Considine, Jonathan MEM:EX
Subject: Re: Meeting request with Minister during the Premier's Natural Resources Forum in Prince George

Yes good to keep the information exchange with these folks flowing

On Nov 29, 2016, at 10:35 AM, Wallace-Deering, Eric MEM:EX <Eric.WallaceDeering@gov.bc.ca> wrote:

Hi Peter,

Wondering if you have any advice on this meeting request, given that we just met with them ?

Thanks,

Eric

Sent from my BlackBerry - the most secure mobile device - via the TELUS Network

From: Sarina.Costa@gov.bc.ca
Sent: November 29, 2016 10:33 AM
To: Eric.WallaceDeering@gov.bc.ca
Subject: FW: Meeting request with Minister during the Premier's Natural Resources Forum in Prince George

FYI – shall we put in the pile to discuss with MBB on Thursday?

Sarina

From: Claudette Gouger [<mailto:Claudette.Gouger@newgold.com>]
Sent: Tuesday, November 29, 2016 10:32 AM
To: Costa, Sarina MEM:EX
Subject: RE: Meeting request with Minister during the Premier's Natural Resources Forum in Prince George

Hi Sarina,

Thank you for your question. The request for a meeting in February still stands as we plan to update the minister on our proposed 2017 activities within our mineral tenures.

Many thanks,
Claudette

Claudette Gouger
Community Manager

New Gold Inc.
Blackwater Project
139 1st Street East
PO Box 440
Vanderhoof, British Columbia, Canada, V0J3A0
+1 250 567 9271 F +1 250 567 9629
M s.22

www.newgold.com
TSX/NYSE MKT:NGD

From: Costa, Sarina MEM:EX [<mailto:Sarina.Costa@gov.bc.ca>]
Sent: Friday, November 25, 2016 4:08 PM
To: Claudette Gouger <Claudette.Gouger@newgold.com>
Subject: FW: Meeting request with Minister during the Premier's Natural Resources Forum in Prince George

Hi Claudette. Thanks very much for the email below. I understand a meeting has already taken place (yesterday – November 24th at 8:00am at the Premier's Vancouver office) with Tim and other Representatives from New Gold regarding this matter.

Please advise if a meeting is still required in February?

Thanks very much.

Sarina Costa
Administrative Co-ordinator to the
Honourable Bill Bennett
Minister of Energy and Mines and
Minister Responsible for Core Review
250-387-5226

From: Claudette Gouger [<mailto:Claudette.Gouger@newgold.com>]
Sent: Tuesday, November 22, 2016 1:27 PM
To: Minister, MEM MEM:EX
Subject: Meeting request with Minister during the Premier's Natural Resources Forum in Prince George

Dear Minister Bennett,

New Gold Blackwater Project would like to request a meeting with yourself during the Premier's Natural Resources Forum in early February 2016. Meeting participants would be Tim Bekhuys, Project Director, Ryan Todd, Environmental Manager and myself and we'd be providing the Minister a project update and the opportunity to ask any question related to the Project.

New Gold has a meeting room booked at the Coast Hotel, a quick 5 minute walk from the meeting venue at the Civic Centre. Currently we have time slots available between 9:30 am and 2:00 pm on February 1 or before noon on Thursday February 2.

I look forward to hearing about the your availability to meet with New Gold.

Regards,

Claudette Gouger
Community Manager

New Gold Inc.

Blackwater Project
139 1st Street East
PO Box 440
Vanderhoof, British Columbia, Canada, V0J3A0
+1 250 567 9271 F +1 250 567 9629
M s.22

www.newgold.com
TSX/NYSE MKT:NGD

The information in this email is privileged or confidential or both. If you are not the intended recipient, you are prohibited from using, distributing or copying this information.

The information in this email is privileged or confidential or both. If you are not the intended recipient, you are prohibited from using, distributing or copying this information.

From: [Robb, Peter L. EMPR:EX](#)
To: [Mungall, Michelle EMPR:EX](#)
Cc: [McNish, James EMPR:EX](#)
Subject: Fwd: Emailing: New Gold January 2018.pdf
Date: Wednesday, January 17, 2018 11:21:27 AM
Attachments: [New Gold January 2018.pdf](#)
[ATT00001.htm](#)

For the 11:30

Begin forwarded message:

From: "Tim Bekhuys" <Tim.Bekhuys@newgold.com>
To: "Robb, Peter L. EMPR:EX" <Peter.Robb@gov.bc.ca>
Subject: Emailing: New Gold January 2018.pdf

Peter,

As discussed please find attached a copy of the slide deck we would like to touch on with the Minister.

See you at 1130, Cheers Tim

Your message is ready to be sent with the following file or link attachments:

New Gold January 2018.pdf

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.



newgold™

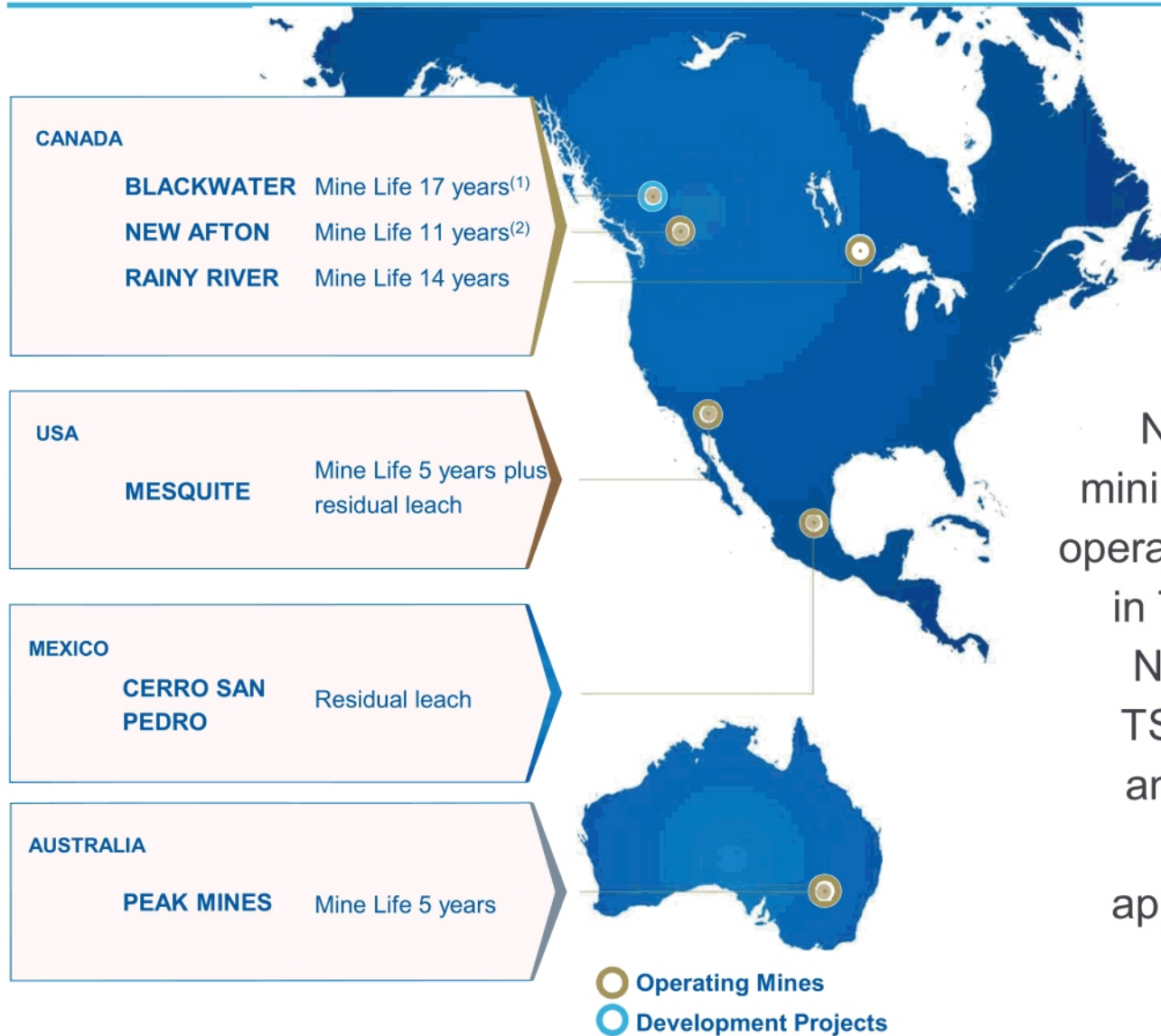
BACKGROUND AND BC UPDATE

January 2018



About New Gold

A Global Mining Company



New Gold Inc. is a major mining company with global operations and headquarters in Toronto and Vancouver. New Gold is listed on the TSX and NYSE American and has an equity market capitalization of approximately \$2.5 billion.

1. Based on 2013 Feasibility Study.

2. Six years of current B-zone reserves plus five years of C-zone.

About New Gold

Canadian Focused



Significant
Canadian
exposure

>90%
gold reserves
in Canada

>50%
of 2016 operating
margin from Canadian
operations

~25%
gold production from
Canadian assets in
2017

NEW AFTON (production)

1.2 Moz Gold Reserve
1.0 Blb Copper Reserve
2016 operating margin: \$182 million

RAINY RIVER (ramp up/ early production)

3.9 Moz Gold Reserve
10.0 Moz Silver Reserve
204 km² land package

BLACKWATER (permitting)

8.2 Moz Gold Reserve
60.8 Moz Silver Reserve
1,058 km² land package



○ Operating Mines ○ Development Projects

About New Gold

Recognized Leader



New Gold is values-based company that has been recognized as a leader in health, safety, environment and social responsibility:

- 4xX recognized as the top-ranked mining company, and ninth-ranked company overall, in the Future 40 Most Responsible Corporate Leaders in Canada by Corporate Knights.
- 7X recognized the Mexican Center of Philanthropy as a Socially Responsible Company.
- 2015 Outstanding Business Award, under the Socially Responsible Company category, from the Canadian Chamber of Commerce in Mexico.
- Recognized in 2009 as “Inclusive Company” by the State Government of San Luis Potosí for its employment of seniors and people with disabilities.
- Recognized by the Mexican Ministry of Labour with the designation of Family Responsible Company in 2013 and 2014.
- Casco De Plata (Silver Helmet) Award for the safest open pit mine in Mexico with over 500 employees (fourth consecutive year).
- New Afton received the BC Annual Safety Award for Large Underground Mines in 2016.
- New Afton has been a three time recipient of the John T. Ryan Safety Award for Metal Mines for the lowest accident frequency in British Columbia and Yukon.
- Leader in the Mining Association of Canada's Towards Sustainable Mining (TSM) program.
- From 2014 to 2016, New Gold's community sponsorship and investment programs made financial contributions to over 150 different community organizations and programs, totaling over US\$19 million.

About New Gold

Growth opportunities



New Afton C-Zone

Five year mine life
extension opportunity in BC

Blackwater

8.2 million ounce gold reserve
in BC with a 17 year mine life

Rainy River Underground

1.5 million ounce gold reserve in
Canada

Growth portfolio benefits from:

- Projects at different stages of development cycle
- Projects with varying capital requirements
- Projects with flexible timelines

At every operation, New Gold makes a positive contribution on various dimensions:

ECONOMIC IMPACT	COMMUNITY COMMITMENT	ENVIRONMENTAL STEWARDSHIP
Make an important economic contribution	Enjoy support from local communities and Aboriginal peoples	Deploy leading environmental practices

Rainy River

Economic Impact



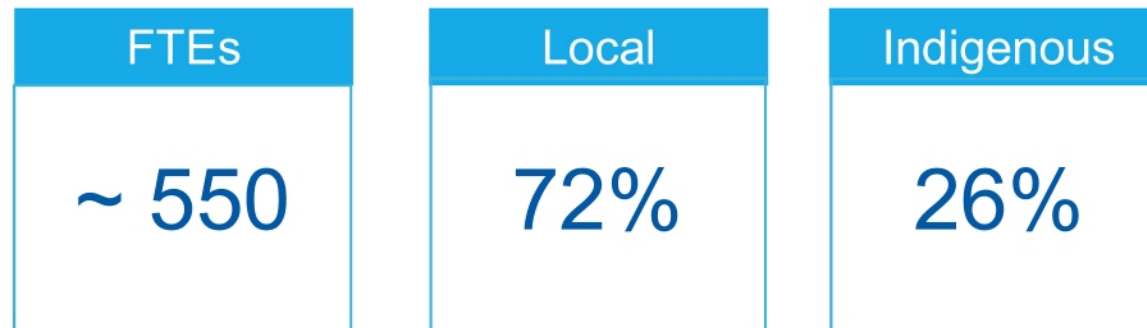
- The Rainy River is a gold and silver mine located sixty-five kilometres northwest of Fort Frances in Northwestern Ontario.
- This greenfields operation was constructed by New Gold from 2015 to 2017 for over \$1 billion.
- The Rainy River open pit mine commenced commercial production in Q3 2017. New Gold is planning to advance construction of the underground portion of the mine in 2018.
- The Rainy River mine is expected to produce between 275,000 and 375,000 ounces of gold per year in the first nine years of its 14-year mine life.

GDP	Tax Revenue	FTEs	Indirect Jobs
\$246 million annually	\$76 million annually	~550	~1,500

Rainy River Community Commitment



- Seven signed agreements with a total of eleven local Indigenous groups, including Impact Benefit and Participation Agreements focused on employment, business opportunities, training and education, contracting, financial participation and environmental commitments.
- The majority (72%) of full-time employees at Rainy River are residents of the local area and active members of the community.
- Approximately 26% of Rainy River full-time employees are Indigenous, which is more than four-times the national average of 6%.
- The key to success with our training programs is to offer a balance of classroom and on the job training, allowing participants to move instantly into careers within the mining industry. This includes training programs for surface miners, haul truck drivers and process plant technicians, resulting in 100% employment for the participants.
- Contributed over \$200,000 to the Rainy River District from 2015 to 2017 through donations and sponsorships. An example is a partnership with the local services board for ambulance attendants. New Gold contributed to an IV training program which allows the attendants to administer a wide variety of medications which they previously did not have certification



Rainy River Environmental Stewardship



- New Gold established an Independent Tailings Review Board (ITRB) in 2016 (before B.C. adopted requirements in that regard) and has voluntarily had the ITRB review and advise regarding the tailings facility at Rainy River since July 2016.
- Compensatory fish habitat has achieved success criteria to date and is ahead of schedule on achieving post-construction success criteria.
- Compensatory lands for wildlife habitat have been independently verified as functioning as predicted over three years of monitoring, almost doubling the population of one species. The habitat was selected through a collaboration between government and the company.
- Approximately 150 Ha of progressive reclamation has been performed to date (within 3 months of commercial production).

New Afton

Economic Impact



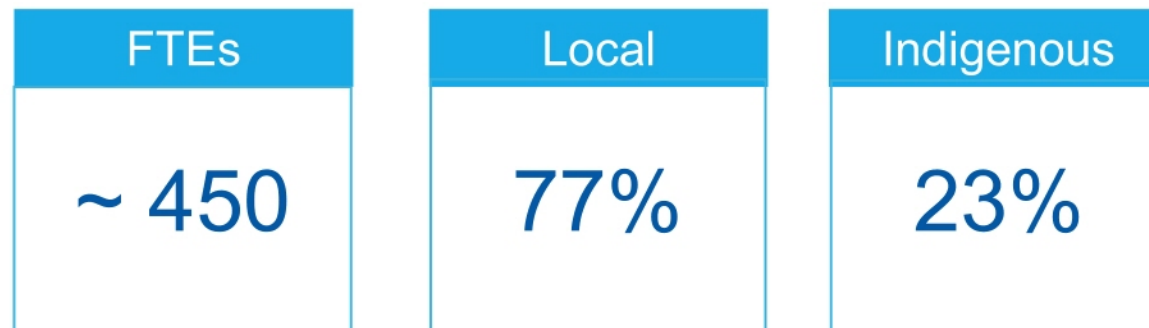
- New Afton is a gold, silver and copper mine located 10 kilometres from Kamloops.
- The underground operation is expected to produce, on average, 85,000 ounces of gold and 75 million pounds of copper per year over its remaining 11-year mine life.
- New Gold is evaluating development of the C-zone at New Afton, which would extend the mine life by a further five years.

GDP	Tax Revenue	FTEs	Indirect Jobs
\$240 million annually	\$55 million annually	~550	~1,900

New Afton Community Commitment



- The majority (77%) of current mine employees reside in the Kamloops area and are active members of the community.
- Approximately 23% of New Afton full-time employees are Indigenous, which is more than five times the provincial average of 4%.
- Between 2012 and 2014 the mine successfully increased the value of contracts awarded to First Nations businesses by 29%, from \$14 million to \$18 million.
- As part of our commitment to recruiting and retaining a local workforce, New Afton developed the Underground Miner training program in partnership with the British Columbia Aboriginal Mentoring and Training Association and Thompson Rivers University.



New Afton

Environmental Stewardship



- New Afton has an externally certified Environmental Management System (ISO 14001:2015). Management of the site is subject to regular review and input by local First Nations through regular Environmental Monitoring Board meetings.
- New Afton was an early adopter of an ITRB (prior to the adoption of provincial requirements), with meetings taking place twice per year since November 2015.
- New Afton was the first mine in North America to have an externally certified Energy Management System under ISO 50001.
- New Afton has received recognition for its innovative use of genomics to measure the success of reclaimed land. It is the first mine site to undertake such work.
- New Afton has partnered with the Nature Conservancy of Canada to protect and preserve critical grassland habitat in the region surrounding the mine.

Blackwater

About Blackwater

- Blackwater is a proposed open-pit gold and silver mine with an expected 17-year mine life and exploration upside.
- Blackwater is located 110 kilometres southwest of Vanderhoof. Other nearby communities include:
 - Prince George
 - Quesnel
 - Williams Lake
 - Fraser Lake
- A 140 kilometre transmission line would connect the mine site with an existing substation south of Endako.
- An existing Forest Service Road will be used to access the site.



Blackwater Highlights⁽¹⁾



Development Capital

~\$1.6 billion

2018 Plan: Complete
Environmental Assessment
process in first half 2018

Reserves

8.2Moz - Gold

60.8Moz - Silver

Annual Production

485Koz - Gold

1.8Moz – Silver
in first 9 years of 17 year
mine life

Life-of-Mine Revenue (\$B)

\$8.7 - Gold

\$0.5 - Silver

Sustaining Cost Margin

\$660 /oz

~\$320 million

Regional Upside

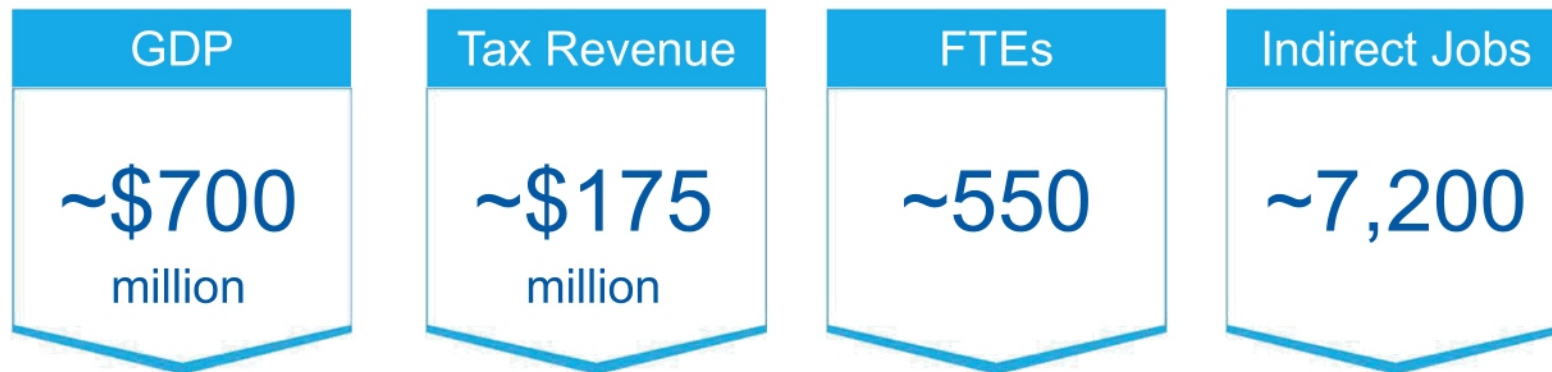
~1,400 km²
Land Package

1. Development capital assumes \$1.30 CDN/USD exchange rate and is based on 2013 feasibility study. Gold revenue at \$1,250 per ounce, silver revenue at \$18 per ounce.

Blackwater

Economic Impact

- The Blackwater Project represents a significant source of future employment for communities surrounding the mine:
 - To date, exploration activities have contributed approximately \$30 million to GDP
 - Projected ~ \$175 million in annual government revenue
 - Projected ~ \$700 million in GDP
 - \$1.6 billion projected development capital, including construction
 - Projected employment of 1,200-1,500 during mine construction
 - Approximately 550 FTEs expected during production
 - Projected to support additional 7,200 indirect and induced jobs
- Within Prince George TSA with a 33% decline in AAC and significant wildfires in this region
- Blackwater will be a key catalyst to diversify the local economy



Blackwater Community Commitment



- 81% of residents surveyed approve of the Blackwater Project with 40% of survey respondents citing no concerns at all.
- Three Exploration Agreements and four Environmental Assessment Capacity Funding Agreements with local First Nations. IBA negotiations underway with key Indigenous communities
- Approximately 65% of those hired are local residents and 23% are First Nations
- ~75% of spending has been directed to contractors and businesses in the region including \$3,000,000 awarded to First Nations businesses.
- To support local hiring, the Blackwater Project has partnered with:
 - BC Aboriginal Mine Training Association
 - Northwest Community College & College of New Caledonia
 - Award-winning BladeRunners program
 - Newly established Quesnel Dakelh Training Society
- A Blackwater Project Community Liaison Committee was established in 2013
- Amendments were made to the design of the water management system for the tailings storage facility following comments from First Nations.

- New Gold is committed to developing an environmentally sound project that makes a positive contribution to the local region:
 - New Gold's ITRB has reviewed the proposed Blackwater tailings facility and changes made to the design to address recommendations from the Mt Polley review
 - Thickened tailings are used to reduce water use and increase stability
 - No salmon, salmon habitat, rare or listed (threatened) fish species have been identified in the proposed mine site
 - The project is designed to avoid water release to the environment and will not fill any lakes.
 - Collaboration with First Nations led to design changes including moving the powerline, caribou offsetting and water management

- New Gold has developed a Caribou Offset Proposal that is supported by local First Nations and includes avoidance, mitigation and offsetting measures.
 - The project is designed to avoid Northern Caribou critical winter habitat.
 - The project will not result in significant direct or indirect habitat loss and a negligible effect on the size and distribution of caribou population.
 - Caribou habitat restoration, in concert with local First Nations, was started in 2015
 - The proposal includes restoration of historically impacted areas and setting aside New Gold exploration tenures for long term protection

Blackwater Environmental Assessment

Currently undergoing a coordinated Provincial-Federal EA

- Provincial EA
 - Clock temporarily suspended at day 216 of 222
 - New Gold has answered the Province and working group's questions
 - Working on clarifications for BC Environmental Assessment Office to allow for completion of EA assessment report
- Federal EA
 - Clock temporarily paused at day 179 or 365

Key Issues:

- Water
- Transmission line
- Caribou





newgold™

APPENDIX

CARIBOU

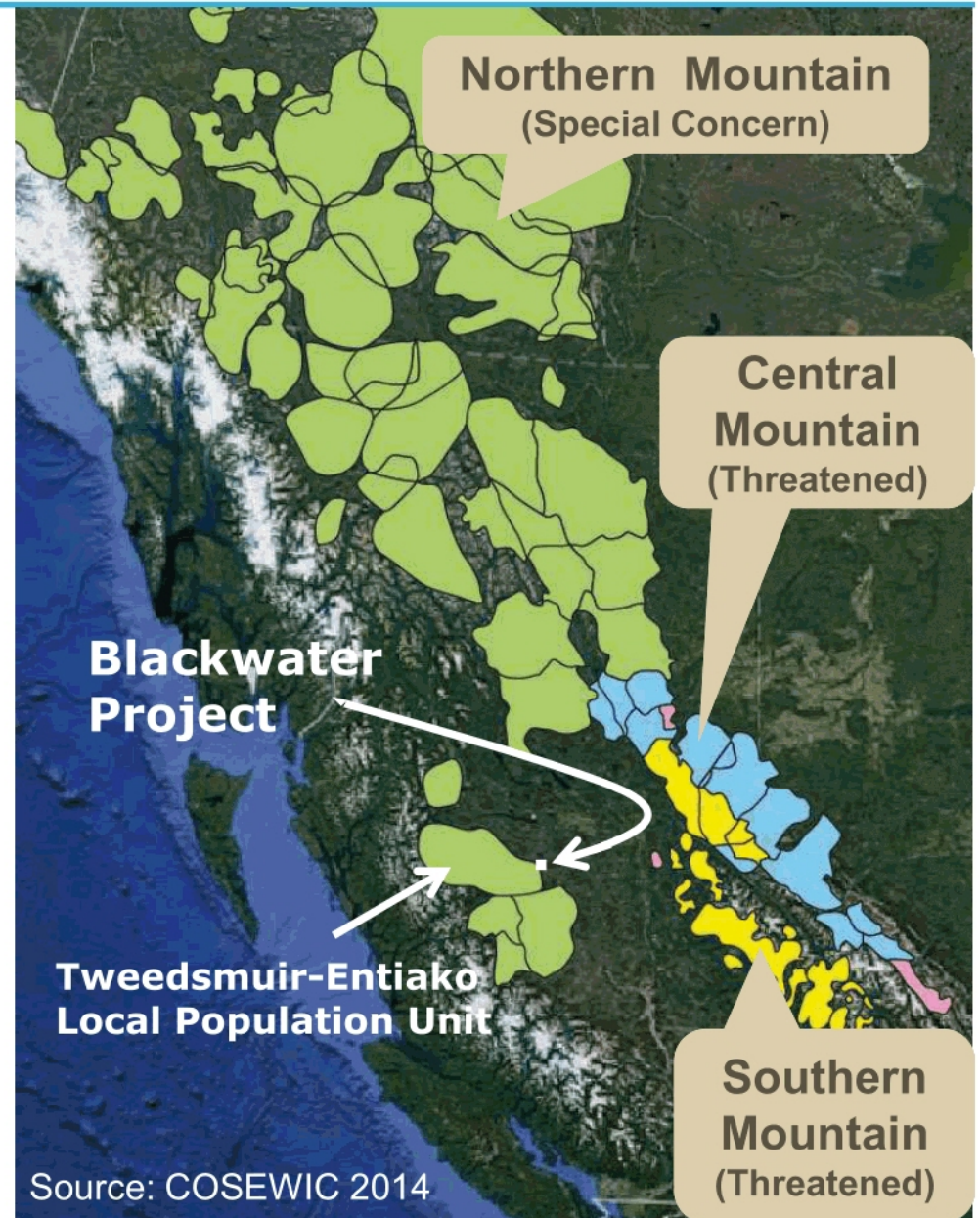
January 2018



Tweedsmuir Caribou Herd

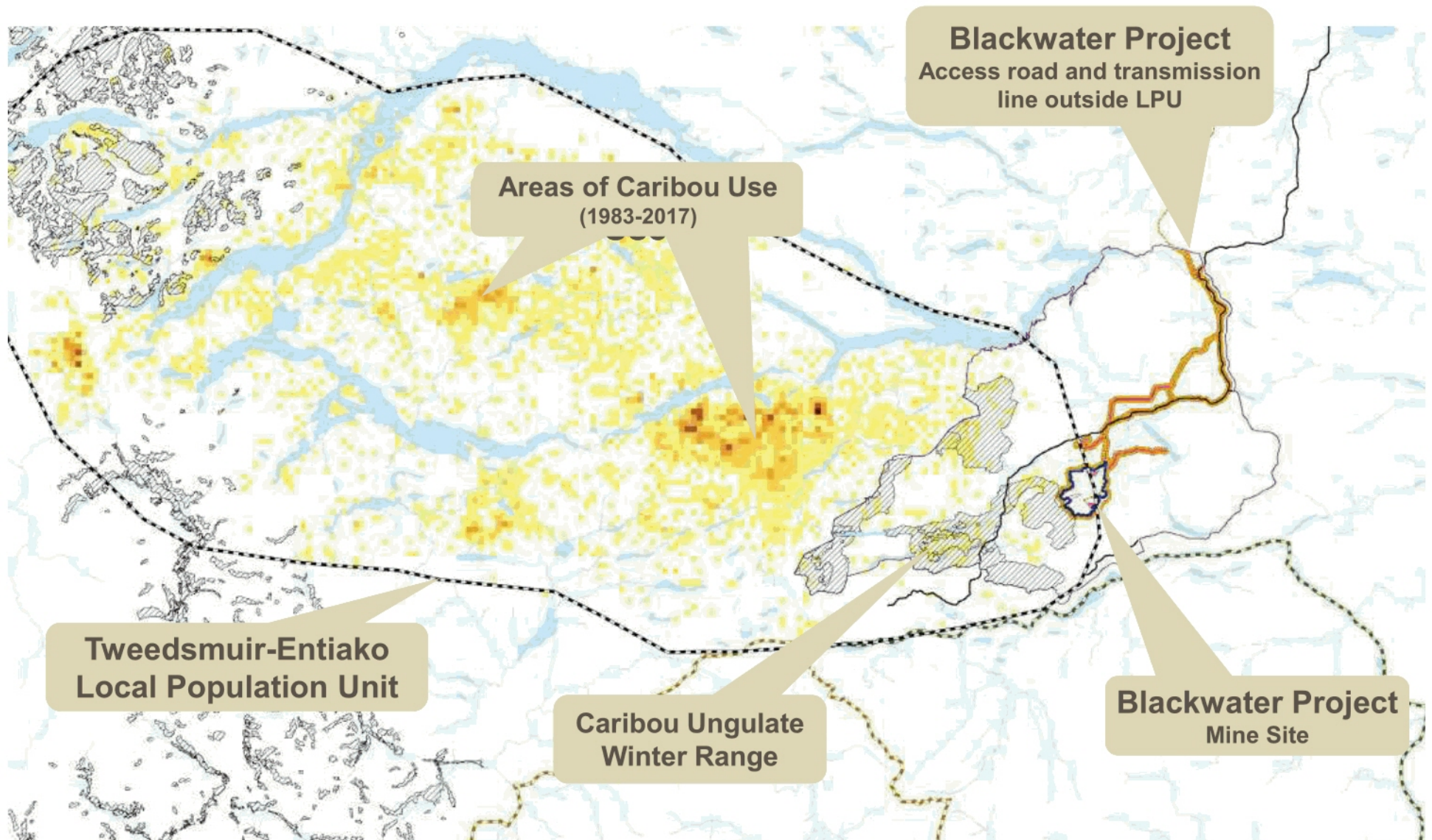
Context within British Columbia

- One of the largest herds in BC.
- Northern Group of Southern Mountain Caribou (SMC).
- Subject to 2014 Recovery Strategy to restore critical habitat and promote self-sustaining populations in Local Population Units (LPUs).
- In 2014, COSEWIC recommended this herd be reclassified as northern mountain caribou and downgraded to Special Concern; would no longer be subject to the 2014 Recovery Strategy.



Project Effects

Caribou Distribution and Movements



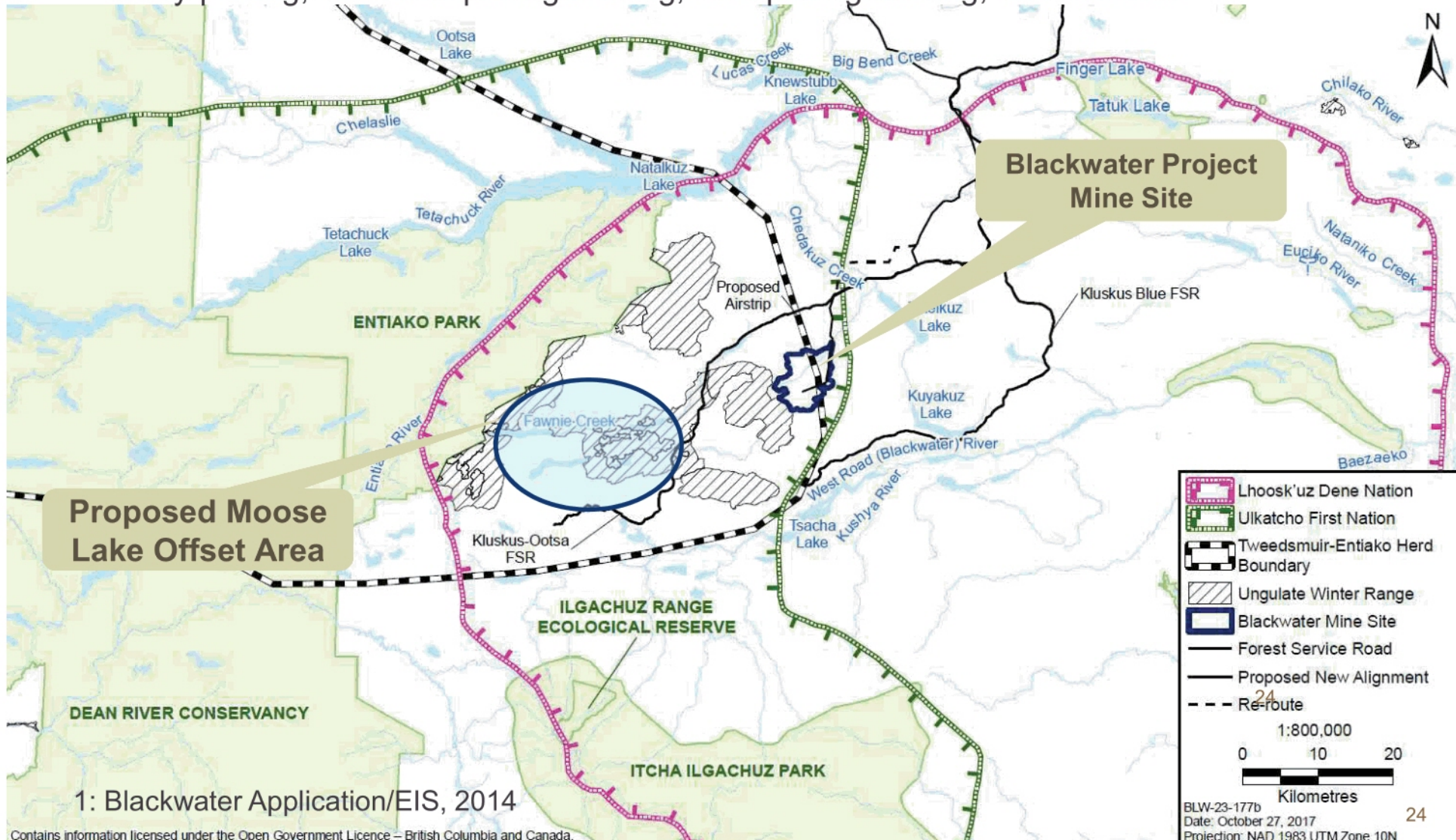
newgold™



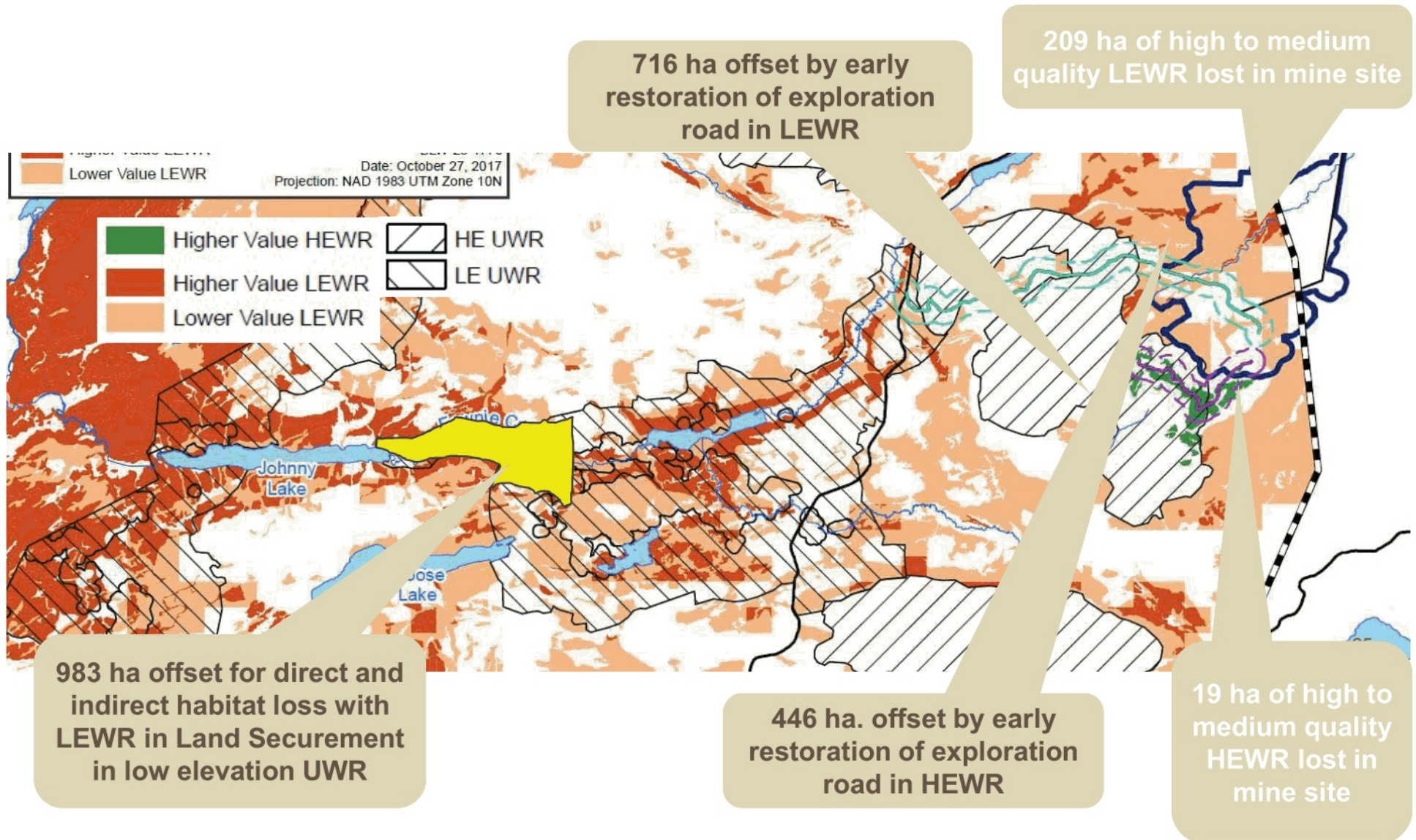
Proposed Offsets

Alignment with First Nations traditional knowledge and use

- First Nations have indicated the Moose Lake area is important for: hunting, trapping, fishing, berry-picking, medicinal plant gathering, food plant gathering, and trail use.¹



Blackwater Project Proposed Offsets Areas

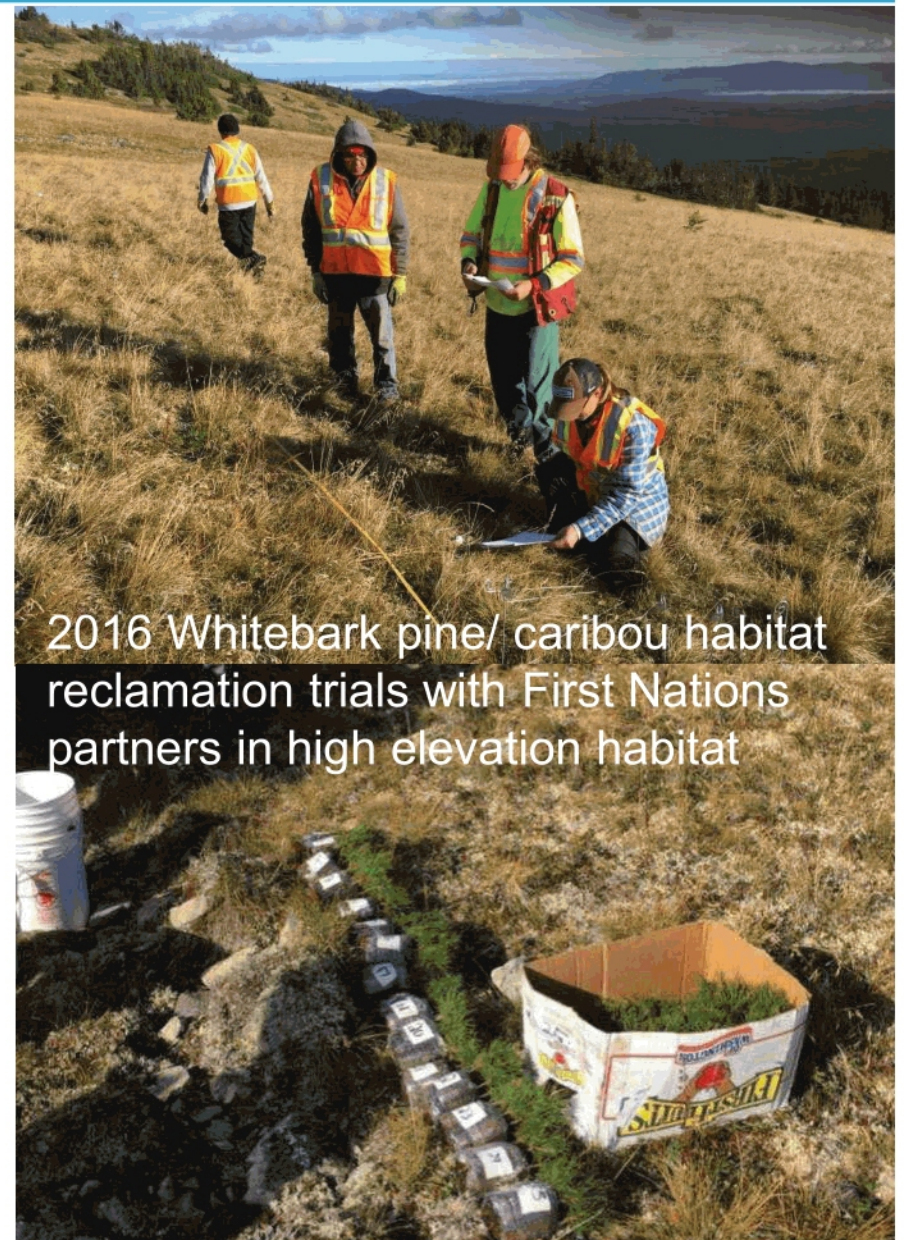


Mitigation Hierarchy

Restoration and Recovery

On-site Progressive Reclamation Plan

- Soil stabilization and sediment control
- Re-plant with appropriate vegetation:
 - Use local native species, where possible, or
 - Use weed-free commercial varieties
- Plant site with conifers and whitebark pine:
 - Developing rust-resistant whitebark pine strains
 - Planting trials for whitebark pine
- Invasive Plant Management Plan



Blackwater Project

Project Effects and Conclusions



New Gold's conclusions relative to the Recovery Strategy

The Blackwater Project will:

1. Have a negligible effect on the size and distribution of caribou population;
2. Have a negligible effect on the current caribou distribution; and
3. Through regional management contributions and partnerships will assist to increase the size of caribou populations, with the objective to sustain harvest for Aboriginal people.
4. EIS has concluded no significant adverse impacts to caribou or traditional use
5. EIS and subsequent mapping has determined 228 ha of high-moderate suitability caribou habitat is affected
6. An offset totalling approximately 2150 ha plus restoration and collaboration with Indigenous communities is proposed

For more information



LISA DAMIANI

Vice President, General Counsel and Corp. Secretary
New Gold Inc.

Tel: 416 324 6011

Email: lisa.damiani@newgold.com

TIM BEKHUYS

Director, Blackwater Project
New Gold Inc.

Direct: s.22

Email: tim.bekhuys@newgold.com

