

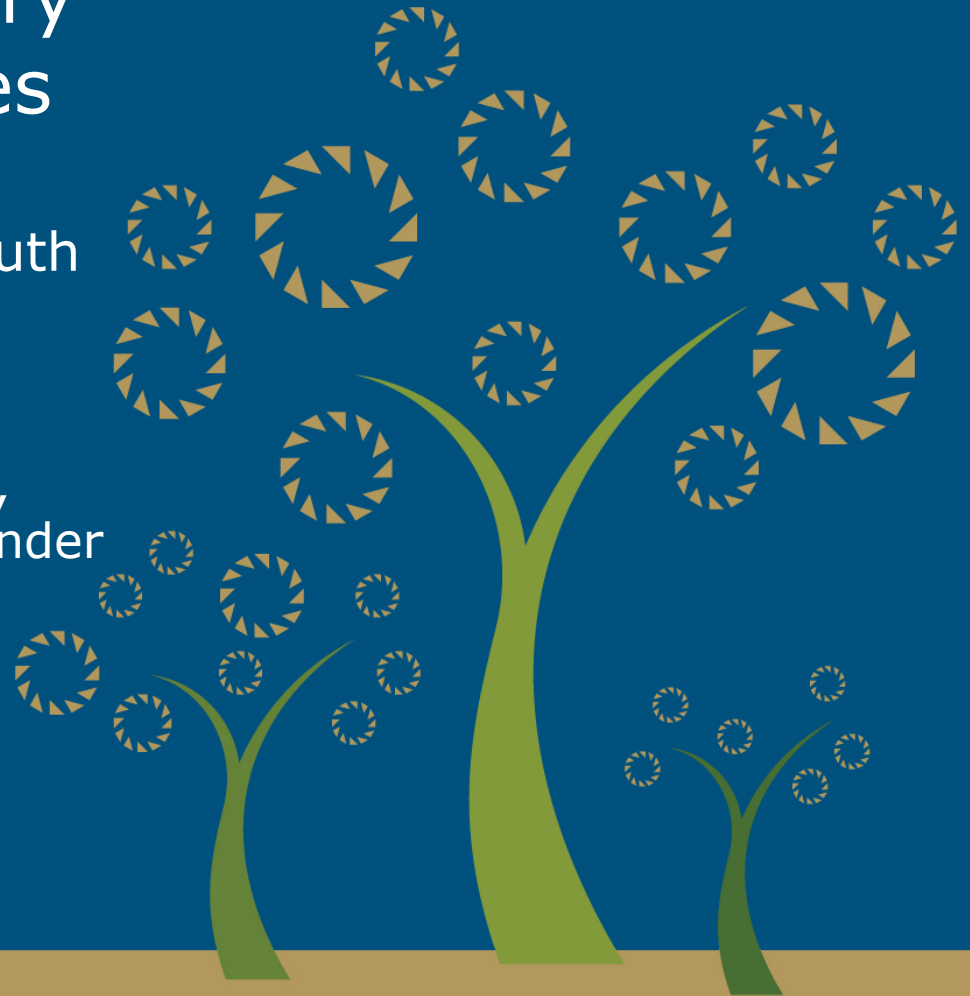


# Chronos – A timely near-mine discovery for Peak Gold Mines

Cobar Gold Field, New South  
Wales

D Steven, A Dimond, J Egan,  
J Peters, C Powell and M Stander  
Peak Gold Mines

Discoveries in the Tasmanides  
Mines and Wines 2017



Growing Together

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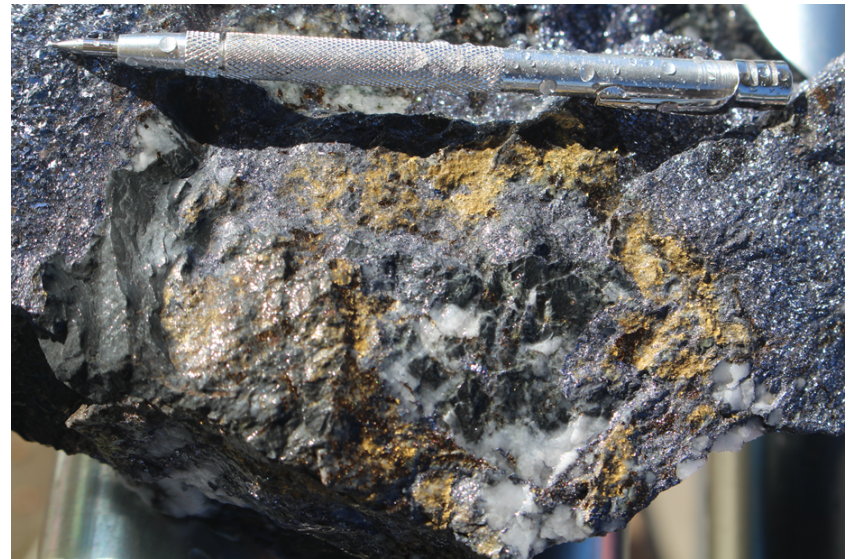
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Information concerning the properties and operations discussed in this presentation has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" used in this presentation are Canadian mining terms as defined in accordance with NI 43-101 under guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under standards of the United States Securities and Exchange Commission. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve calculation is made. As such, certain information contained in this presentation concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission. An "Inferred Mineral Resource" has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It cannot be assumed that all or any part of an "Inferred Mineral Resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. Readers are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into Mineral Reserves. Readers are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable. In addition, the definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" under CIM standards differ in certain respects from the standards of the United States Securities and Exchange Commission.

## **TECHNICAL INFORMATION**

The scientific and technical information in this presentation has been reviewed by Mark Petersen, a Qualified Person under National Instrument 43-101 and an employee of New Gold.

- Introduction
- Location
- Peak Gold Mines
- Regional Geology
- Exploration History
- Deposit Geology Structure and Alteration
- Mineralisation
- Mineral Resources
- Mining
- Metallurgy
- Further Work
- Conclusions and Acknowledgements



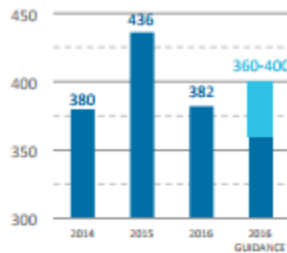
- Newgold is an intermediate gold mining company.
- Portfolio of four producing assets and two significant development projects. The New Afton Mine in Canada, the Mesquite Mine in the United States, the Peak Mines in Australia and the Cerro San Pedro Mine in Mexico. In addition, New Gold owns 100% of the Rainy River and Blackwater projects located in Canada.



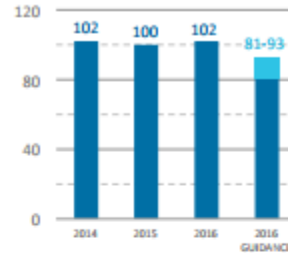
# Introduction – Newgold 2016 Overview



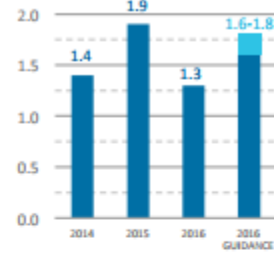
**GOLD PRODUCTION**  
(THOUSANDS OF OUNCES)



**COPPER PRODUCTION**  
(MILLIONS OF POUNDS)

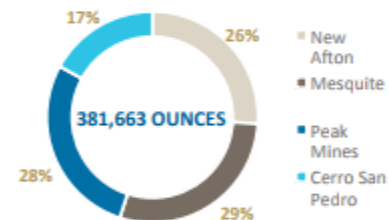
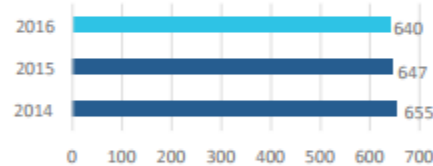


**SILVER PRODUCTION**  
(MILLIONS OF OUNCES)

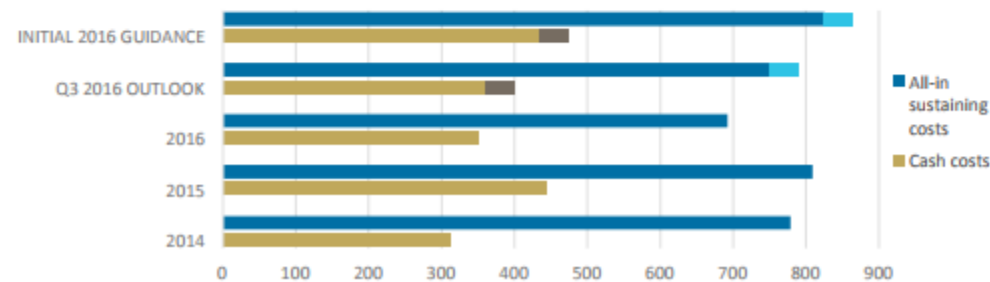


New Gold's production costs remained very competitive compared to the broader gold mining space as New Gold had operating expenses<sup>(1)</sup> of \$640 per gold ounce sold, total cash costs<sup>(2)</sup> of \$349 per gold ounce sold and all-in sustaining costs<sup>(3)</sup> of \$692 per gold ounce sold in 2016. We believe New Gold continues to establish itself as a low cost producer within the industry.

**OPERATING EXPENSES<sup>(1)</sup>**  
(\$ PER GOLD OUNCE SOLD)



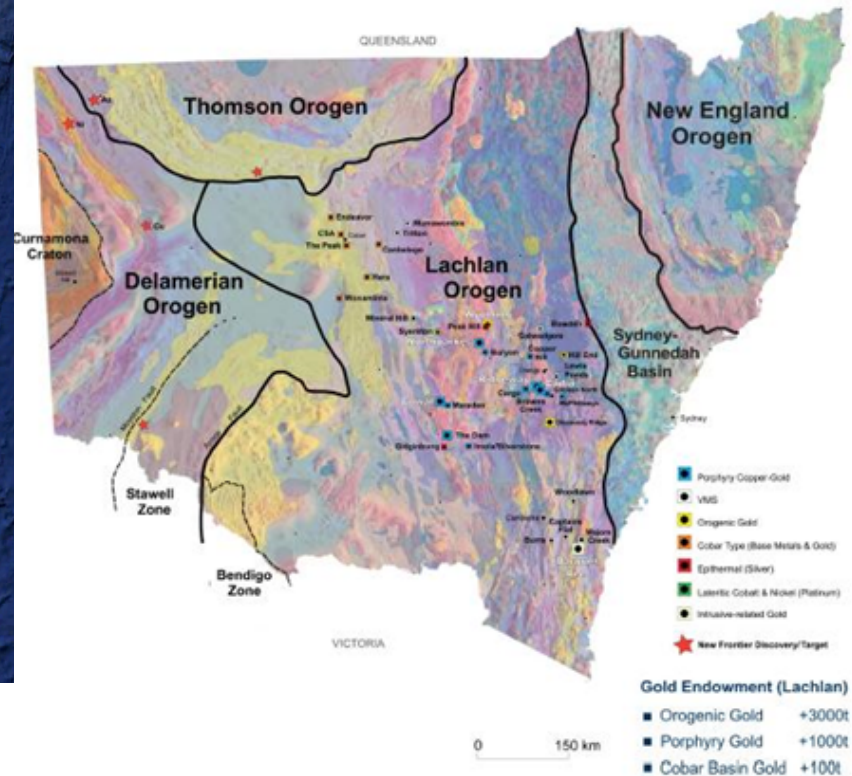
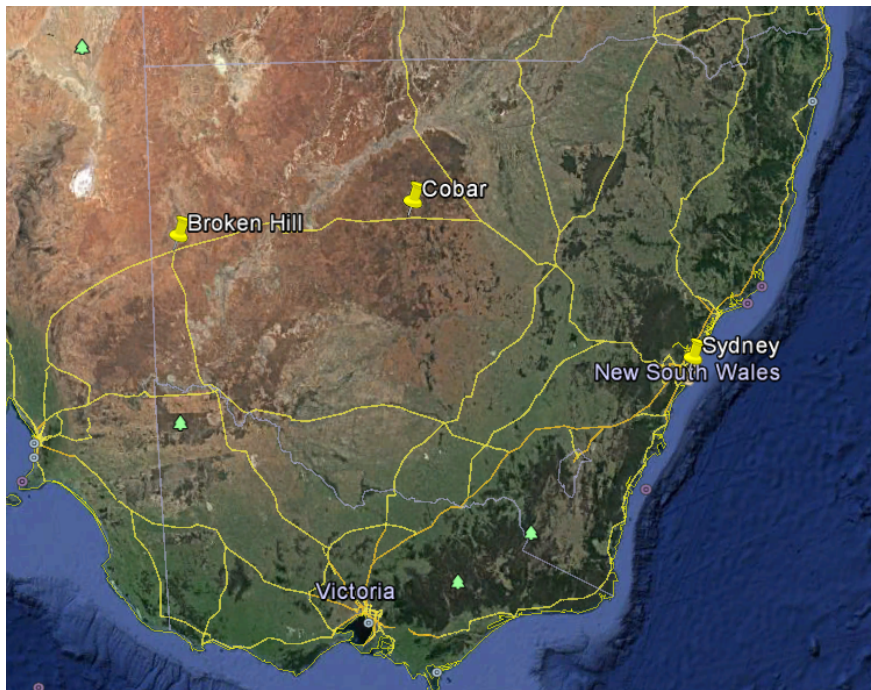
**TOTAL CASH COSTS AND ALL-IN SUSTAINING COSTS<sup>(2)</sup>**  
(\$ PER GOLD OUNCE SOLD)



	Gold Production <sup>(1)</sup>	Copper Production <sup>(1)</sup>	Operating Expense <sup>(3)(5)</sup>	Operating Expense <sup>(3)(5)</sup>	All-in Sustaining Costs <sup>(4)(5)</sup>
	(thousands of ounces)	(millions of pounds)	(per gold ounce sold)	(per copper pound sold)	(per gold ounce sold)
Rainy River <sup>(2)</sup>	50 - 60	-	\$905 - \$945	-	\$1,200 - \$1,240
New Afton	70 - 80	85 - 95	\$405 - \$445	\$0.80 - \$1.00	(\$280) - (\$240)
Mesquite	140 - 150	-	\$675 - \$715	-	\$805 - \$845
Peak Mines	85 - 95	~15	\$780 - \$820	\$1.55 - \$1.75	\$1,060 - \$1,100
Cerro San Pedro	35 - 45	-	\$1,080 - \$1,120	-	\$1,090 - \$1,130
<b>Total</b>	<b>380 - 430</b>	<b>100 - 110</b>	<b>\$630 - \$670</b>	<b>\$1.25 - \$1.45</b>	<b>\$825 - \$865</b>

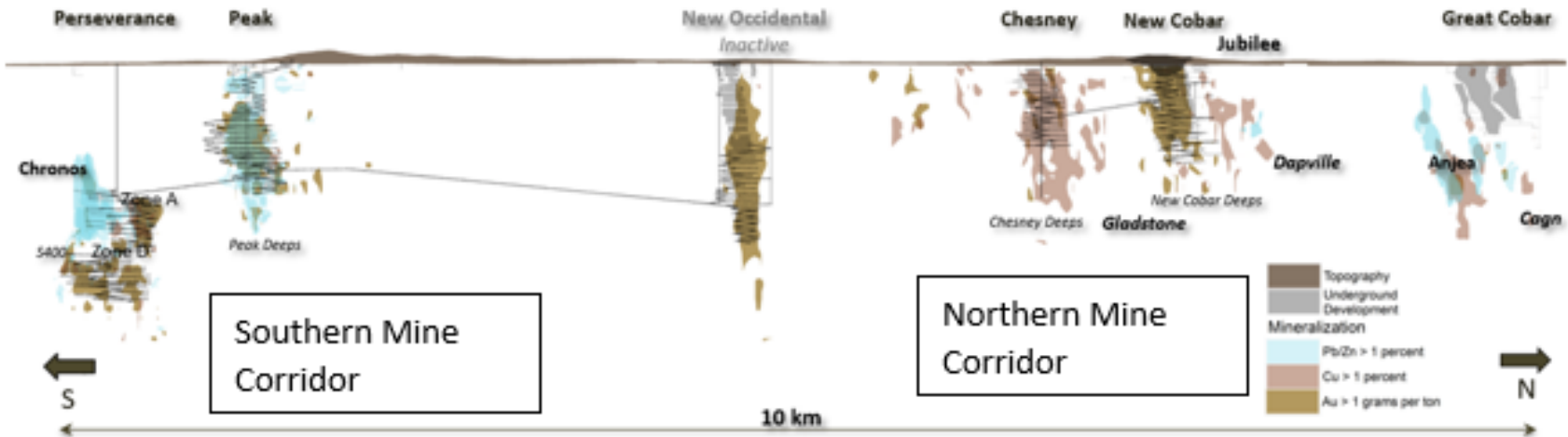
1. Note: consolidated silver production is estimated to be approximately 1.1 million ounces in 2017.
2. Rainy River gold production guidance includes pre-commercial production of approximately 15,000 ounces. Rainy River operating expense per gold ounce sold and all-in sustaining costs per gold ounce sold are calculated based on commercial production ounces.
3. Operating expenses are apportioned to each metal produced on a percentage of revenue basis.
4. Net of by-product silver and copper revenues.
5. For details on the key assumptions, which apply to all 2016 and 2017 production and cost guidance contained in this MD&A, refer to "Total Operating Expense and All-in Sustaining Costs per Gold Ounce Sold" below.

# Location – Cobar



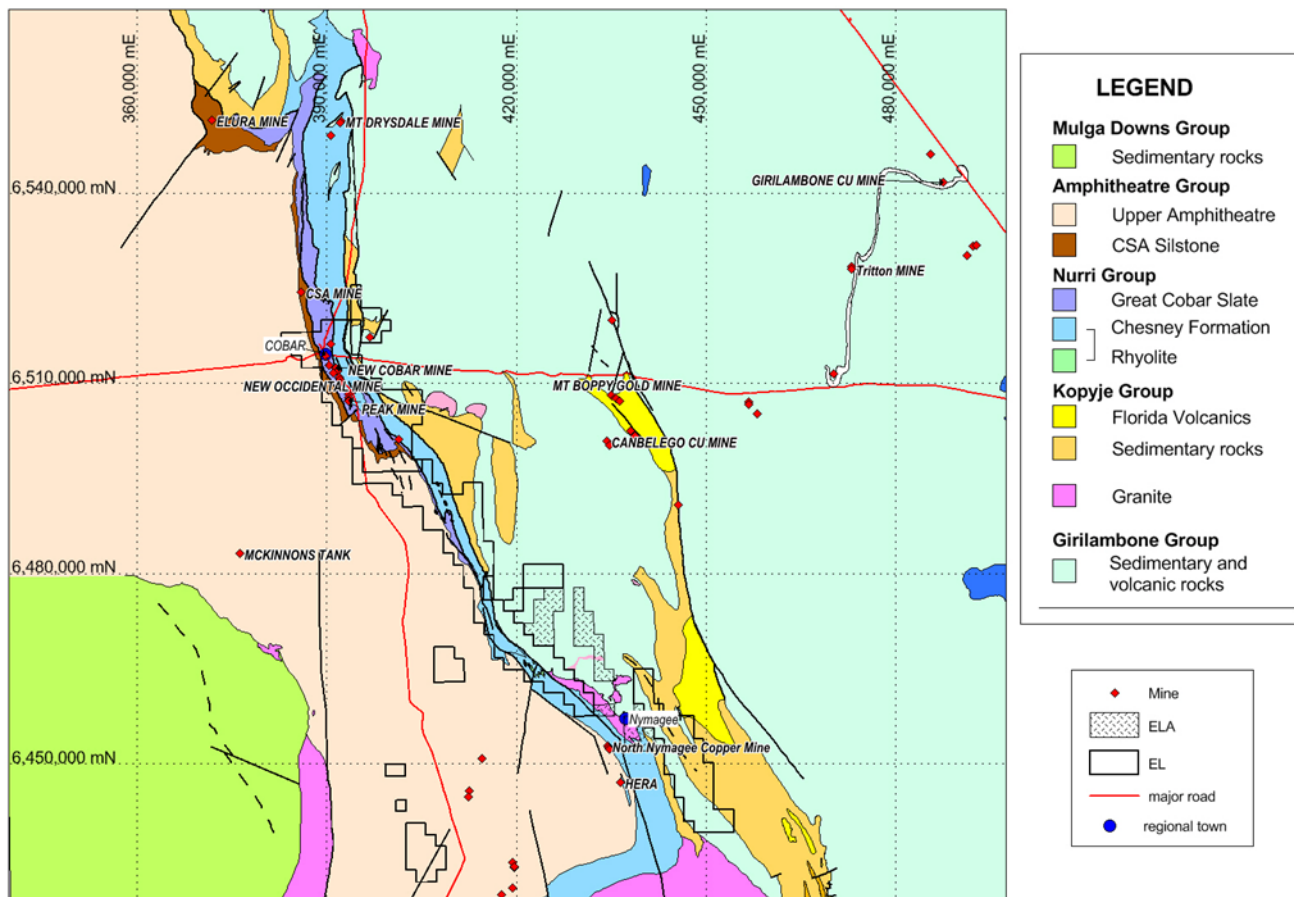
- Cobar is in central New South Wales
- 600 km west of Sydney, 450 km east of Broken Hill
- Town is well established and is mining friendly





- Currently mine & process approx. 800 ktpa to produce 90-100 koz Au and 13-15 Mlb Cu
- Current ore reserve is 2.8 Mt at 2.8 g/t Au and 1.3% Cu, with a 3 year mine life
- At the start of operations in 1992 reserve was 3.9 Mt at 7.1 g/t Au and 0.8% Cu (0.9 Moz Au and 31 kt Cu)
- To end of 2016 PGM has produced 2.8 Moz of gold and 98 kt of copper
- PGM has a strong record of replacing mined out reserves with additional material. PGM has discovered 3 Moz of gold at a cost of approx. \$25 per oz

# Regional Geology – PGM Tenements



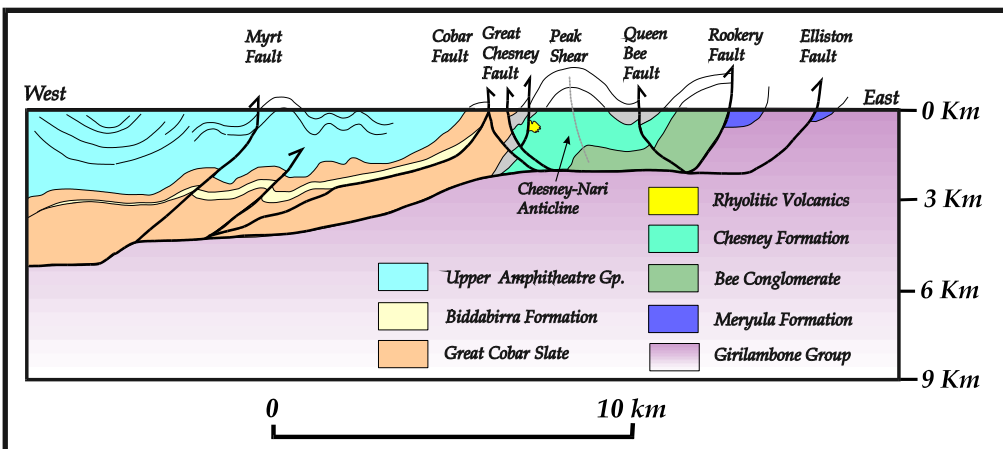
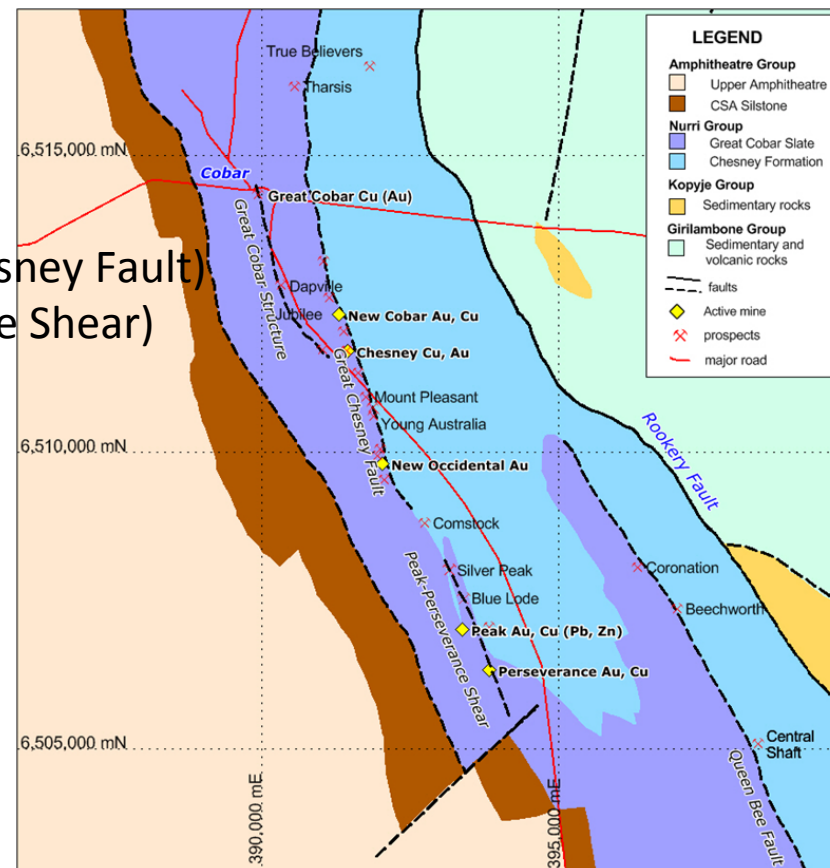
- Ordovician basement to the east (turbidites and granites)
- Siluro-Devonian Cobar Basin Nurri Group host rocks
- Younger Amphitheatre Group rocks in the west
- 4 Mining Leases (10 km strike length)
- 6 Exploration Licences (70 km along basin margin)
- Roughly 800 km<sup>2</sup> of ground

Basin wide metal endowment exceeds 140 t Au, 2 Mt Cu, 4 Mt Zn, 2 Mt Pb and 4,000 t Ag

Structurally controlled polymetallic systems

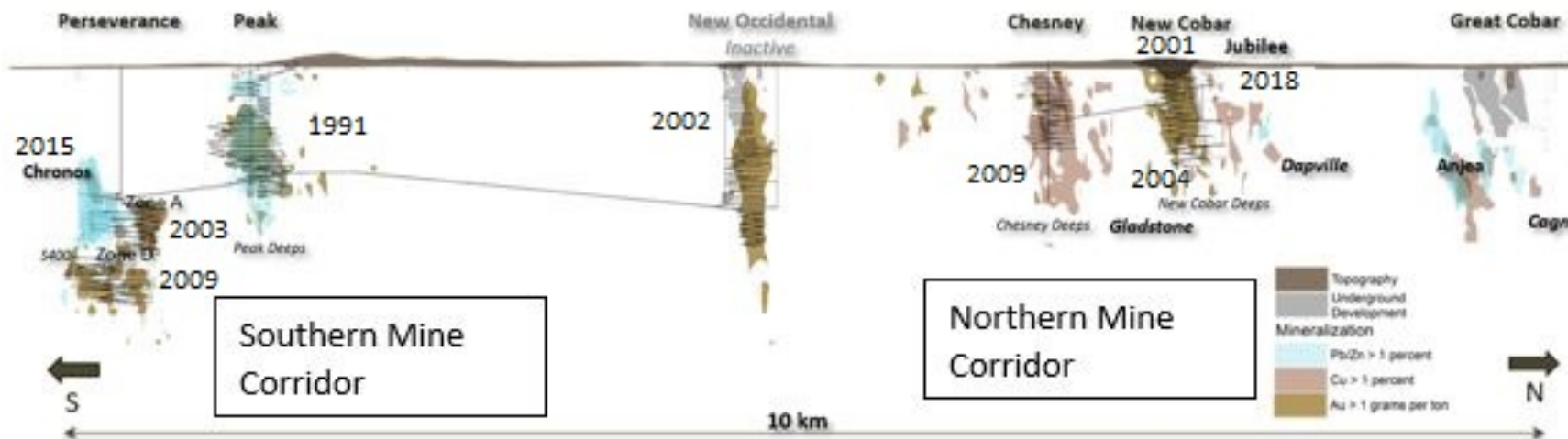
Host Rocks	Sediments and subordinate volcanics
Age	Siluro-Devonian host, early Devonian mineralisation (basin inversion)
Structure	Fault hosted, hanging wall splays off basin margin fault
Geometry	Lenses are sub-vertical, pipe-like, narrow with short strike lengths, general northerly plunge
Geochemistry	Au-Cu-Pb-Zn-Ag (Bi, As, Sb)
Mineralogy	Au-el, cpy, ga, sph, po, mt
Paragenesis	Early Au-Bi-mt, with later po-base metals
Alteration	Qtz, Mg-chl , Fe-chl, ser, (stip, bt)
Geophysics (pot. field)	Magnetic and density anomalies
Geophysics (electrical)	Chargeable and conductive anomalies

- Basin margin structure (Rookery Fault) +600km long
- Deposits occur on four main structures (hanging wall splays off the Rookery fault):
  - Great Cobar Structure
  - Great Chesney Fault
  - Peak-Perseverance Shear
  - Queen Bee Fault
- Current mining at:
  - Jubilee, New Cobar, Chesney (Great Chesney Fault)
  - Peak, Perseverance (Peak – Perseverance Shear)
- 10 km strike length



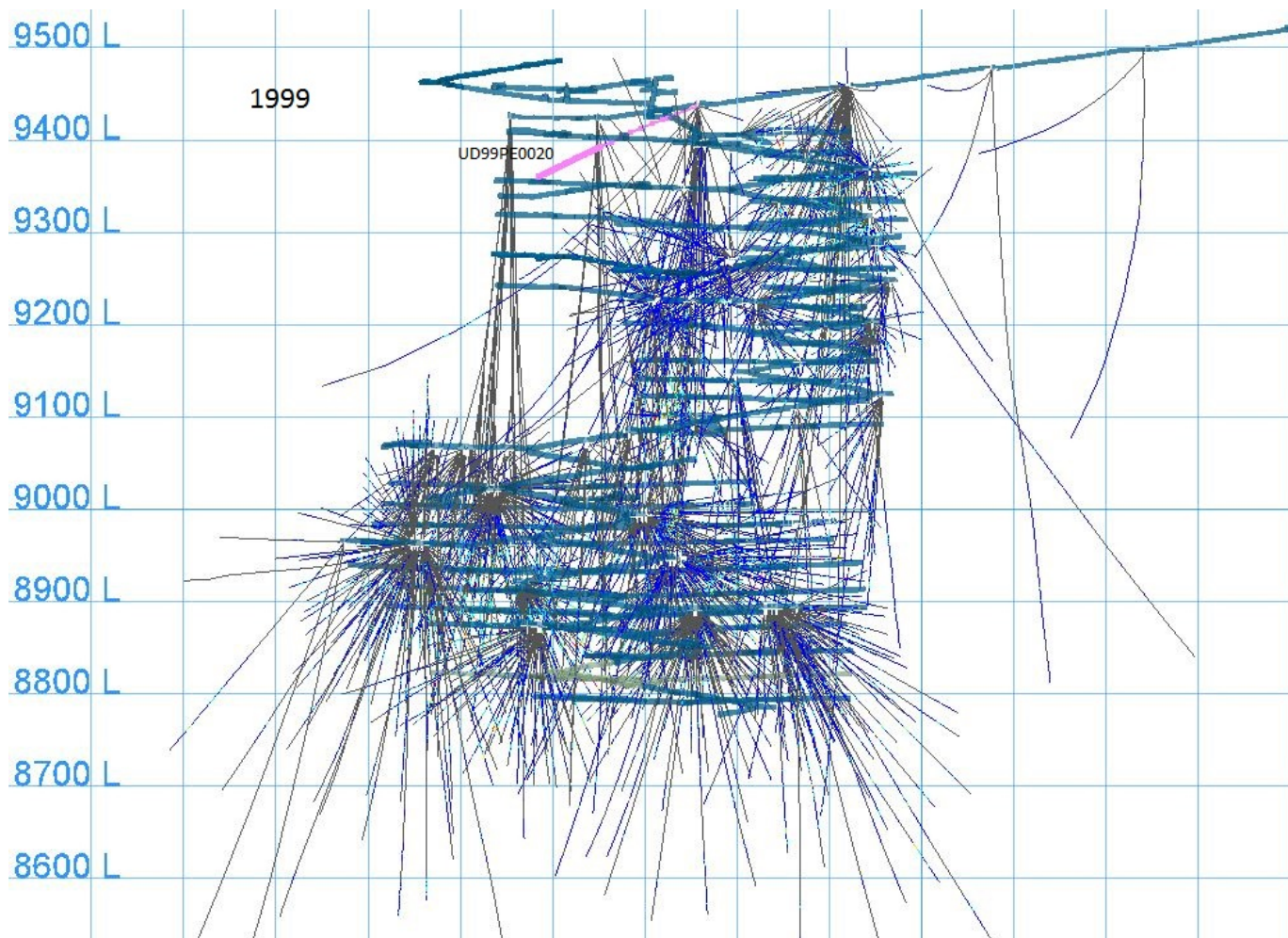


- Unique to the Perseverance and Peak deposits in the CGF, rhyolite hosts significant mineralisation
- The Perseverance rhyolite occurs on the eastern side of the Peak-Perseverance Shear with a southerly plunging ‘anticlinal’ aspect
- A top of this ‘anticlinal’ feature where the rhyolite upwells into the surrounding meta-sediments, and proximal to the know Perseverance lenses lie the Chronos Lenses



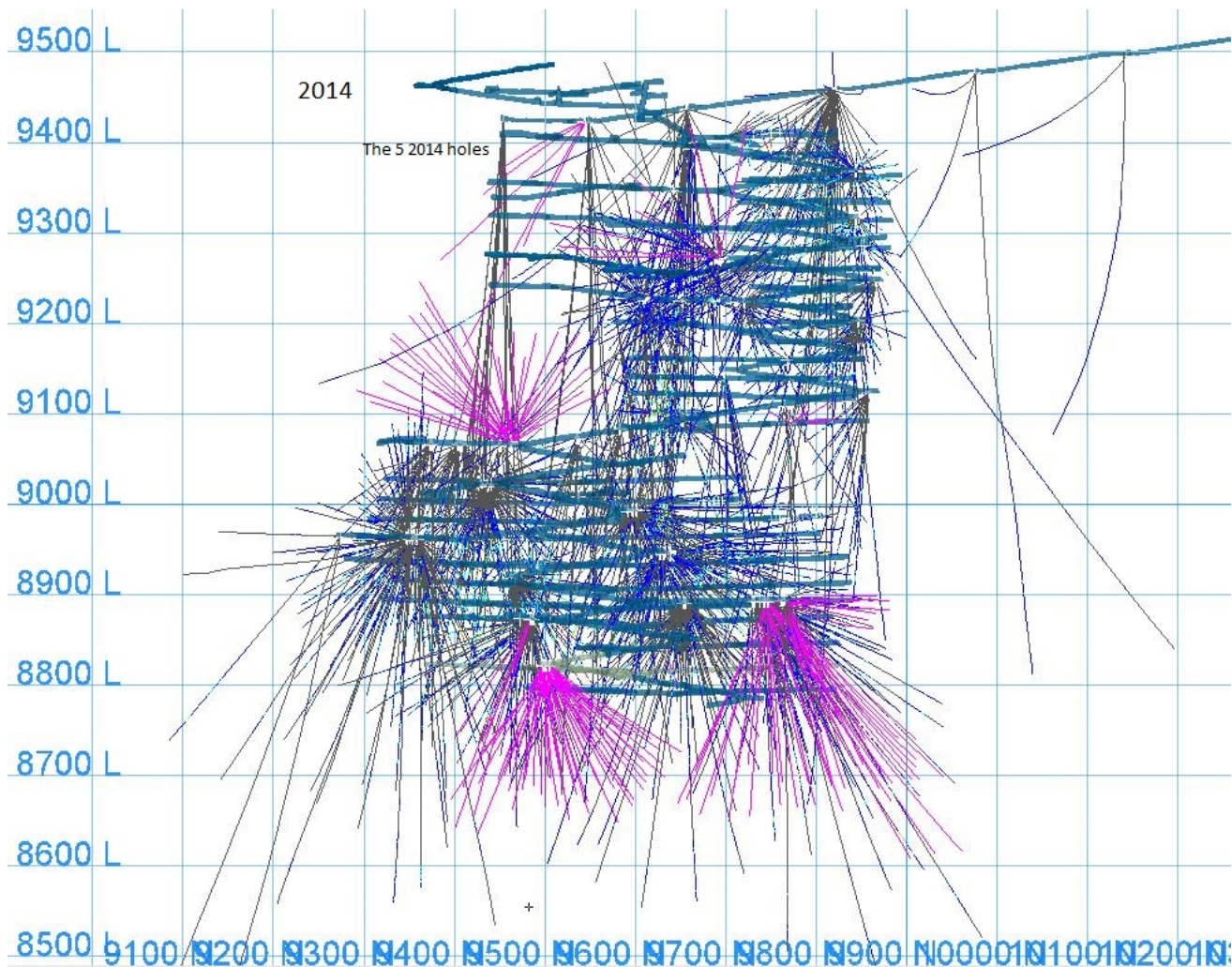
- There numerous old working dotted throughout the CGF, dating from the 1870s through to the 1970s
- Of the known deposits in the field only Peak and Perseverance are modern discoveries
- Discovery and evaluation of Peak occurred from the late '70s, through to mining commencing in 1991
- Perseverance was discovered in 1994 with an exploration strategy heavily influenced by observations of mineralisation controls in the Peak ore body
- Exploration around and under the old workings of the various deposits has led to the New Cobar Open Cut (2001), New Occidental (2002), Perseverance (2003, 2009, 2015), New Cobar Underground (2004) and Chesney (2009) deposits adding to reserves.

1999 – Hole UD99PE0020, drilled to the south of Perseverance Zone A returned elevated lead and zinc assays – no further work done at the time. Focus on gold (and copper)

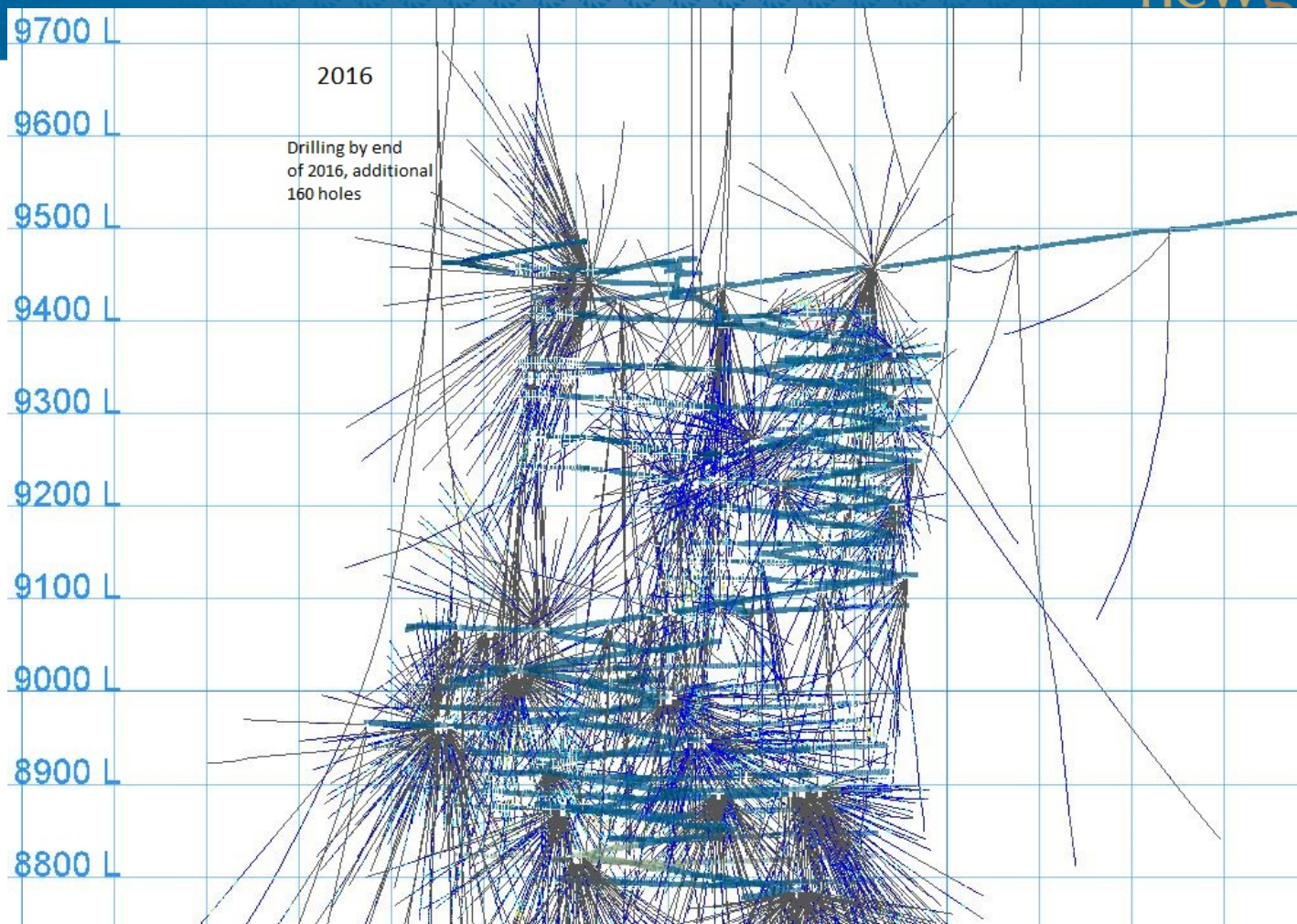


Mines and Wines – Discoveries in the Tasmanides 2017

2014 – 5 holes UD14PE0379-83, intersected 3 distinct massive sulphide mineralised zones, grades of up to 600 g/t Au, 50% Pb and 30% Zn were returned for metre intervals of core

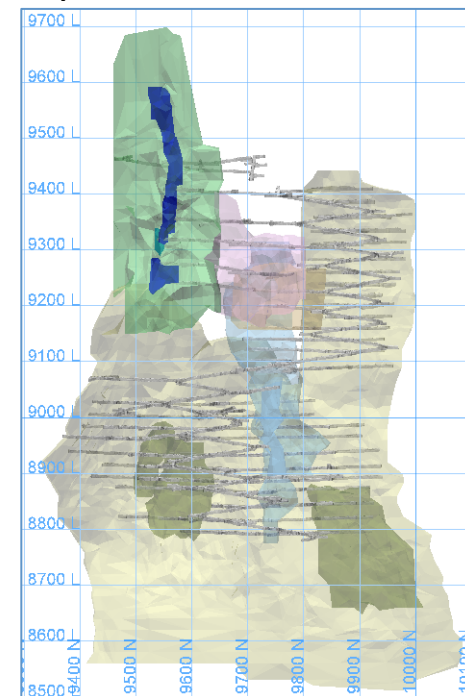
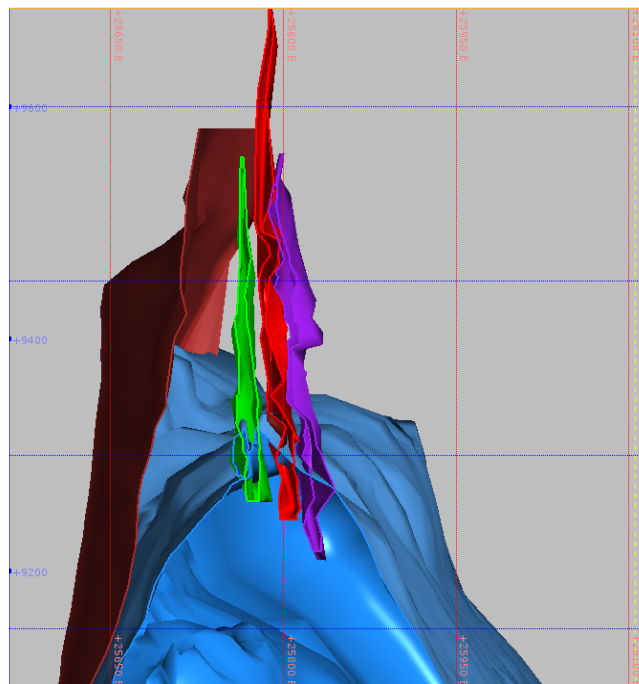




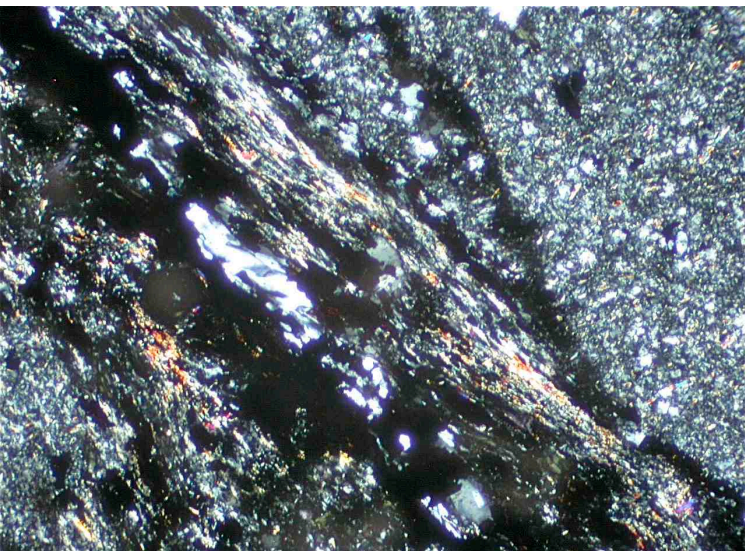


2015-16 – Over 160 holes totalling 50,000 m of diamond core was drilled to explore and delineate Chronos, to bring it into production.

- The Chronos Lenses are hosted in meta-sediments and rhyolite, proximal to the Peak-Perseverance Shear

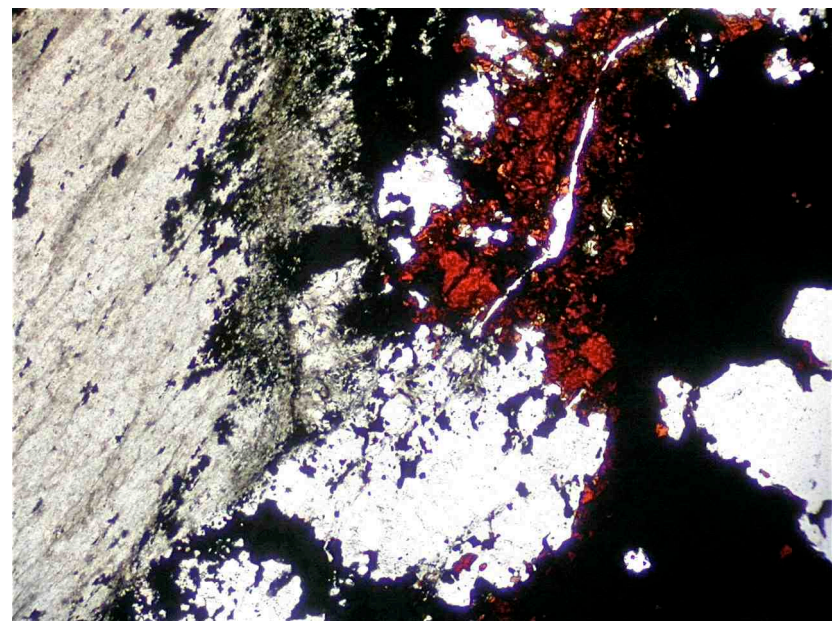


- Meta-sediments
- Alteration during basin deformation and the injection of hydrothermal fluids gives a quartz +chlorite +muscovite (sericite) ±sulphides mineral assemblage in the meta-sediments
- Most detrital material and textures do not remain and a weak to moderate regional cleavage is development that is sub-parallel to the major structures

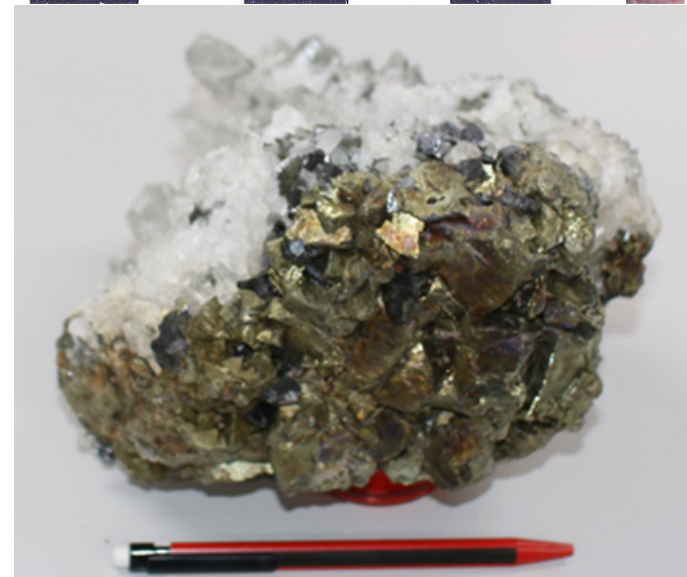


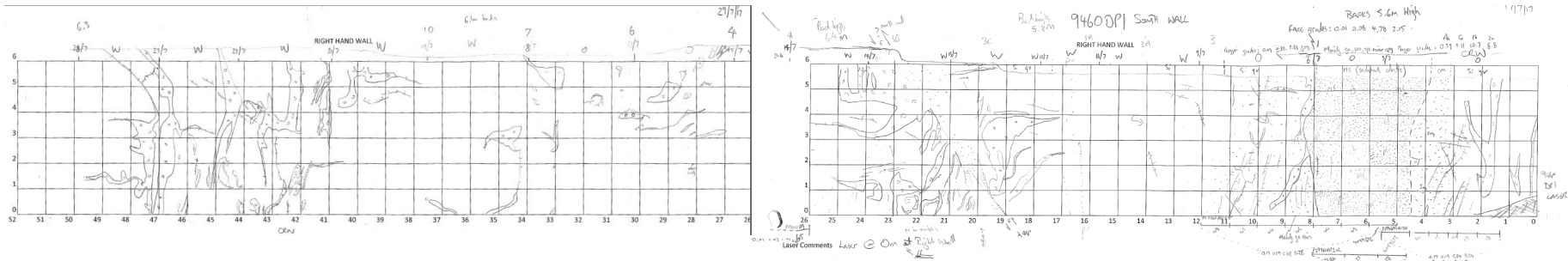
Strongly altered siltstone (right) cut by a diffuse foliated veinlike assemblage that includes chlorite, sericite, quartz and sulphides (black). Host rock alteration is mainly to fine grained chlorite and quartz. Transmitted light, crossed polarisers, field of view 2 mm across.

Altered foliated fine grained sedimentary fragment in the breccia (left) abutting a zone of hydrothermal infill (right) containing quartz (clear), dark orange sphalerite and galena and pyrrhotite (black). The breccia fragment is mainly replaced by sericite, although minor chlorite and sulphides also occur. Plane polarised transmitted light, field of view 2 mm across.



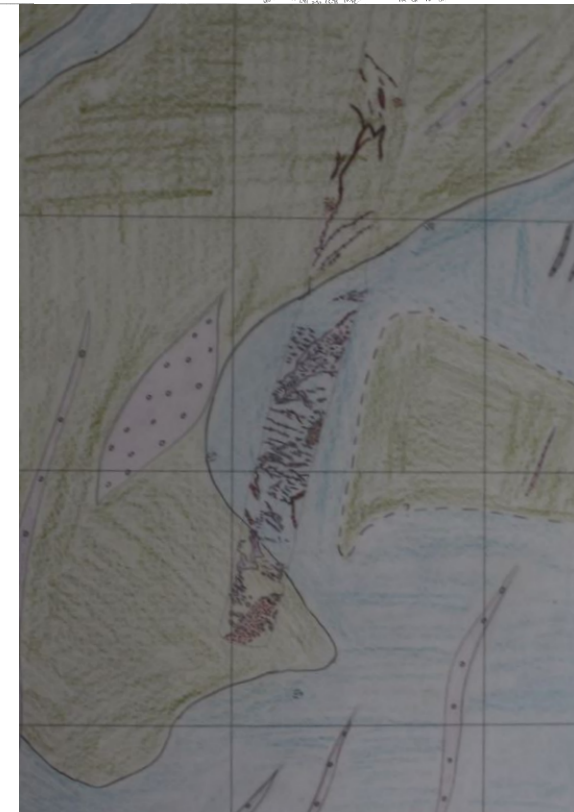
- Rhyolite
- Still much to learn about this unit
- Initial work in Zone A and Zone D development a folded body with an anticlinal aspect in the south
- Further work has clouded this interpretation
- Ongoing and future work with hopefully eventually resolve this
- Like the meta-sediments the rhyolite has been hydrothermally altered.



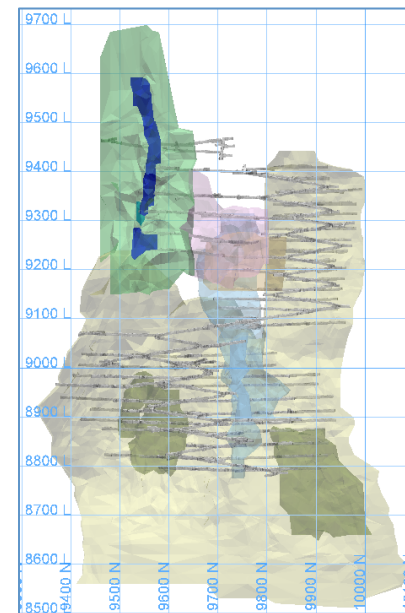


Within the rhyolite mass a number of different lithofacies have been identified:

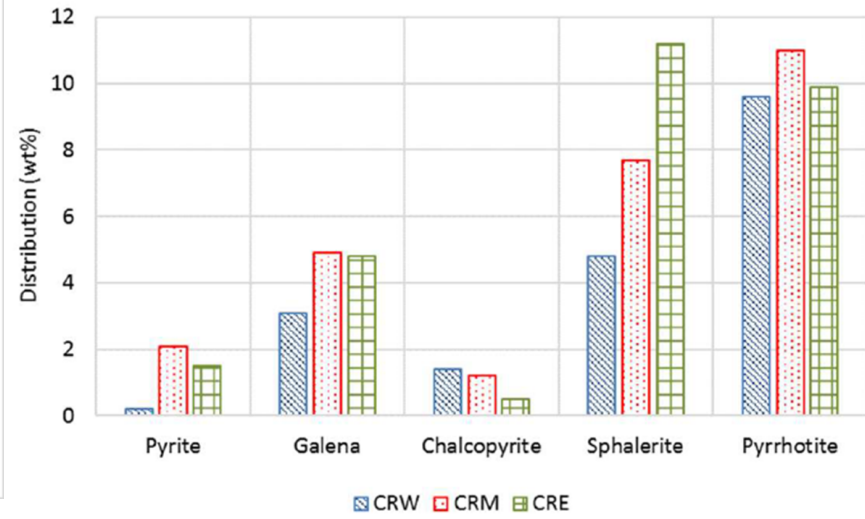
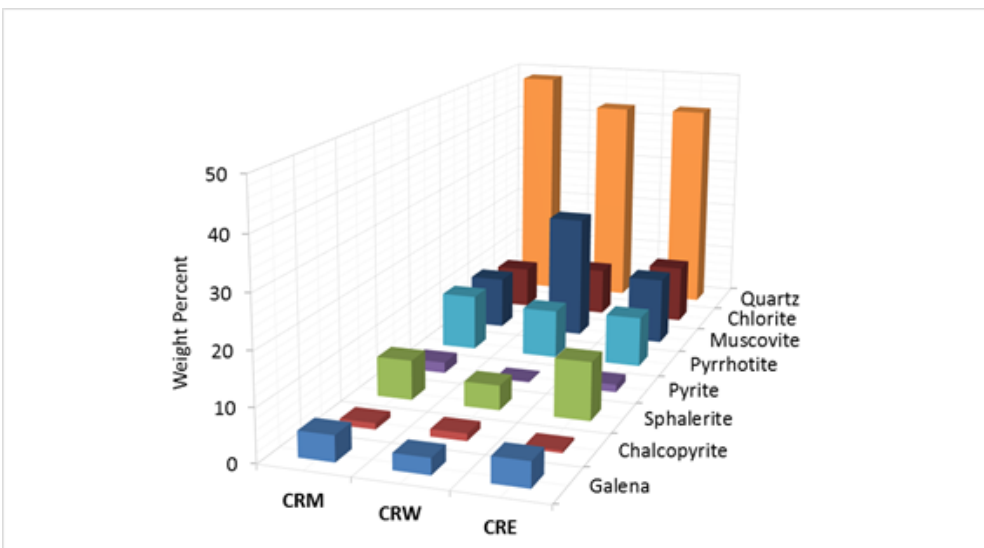
- Massive aphanitic, perlitic crackling is observed.
- Aphanitic, flow banded rhyolite –
- Amygdaloidal – .
- Hyaloclastic –. (This lithofacies is restricted to the Peak-Perseverance Shear Zone.)
- Brecciated rhyolite – angular clast with a fine silica ground mass
- Brecciated rhyolite-sediments – located along the rhyolite-meta-sediment contact zone with more rounded clasts of rhyolite and flow banded rhyolite and/or angular meta-sedimentary clasts, with soft sediment deformation textures.



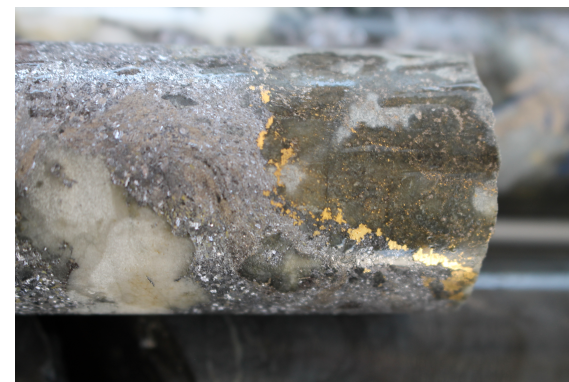
MINERAL	FORMULA	Master Composite CRW (wt%)	Master Composite CRM (wt%)	Master Composite CRE (wt%)
Quartz	SiO <sub>2</sub>	42.7	48.5	42.9
Pyrite	FeS <sub>2</sub>	0.2	2.1	1.5
Muscovite	KAl <sub>2</sub> (Si <sub>3</sub> Al)O <sub>10</sub> (OH,F) <sub>2</sub>	24.6	10.3	13.3
Chlorite (ferroan)	(Fe <sup>2+</sup> ,Mg) <sub>5</sub> Al(Si <sub>3</sub> Al)O <sub>10</sub> (OH) <sub>8</sub>	9.5	8.3	11.6
Galena	PbS	3.1	4.9	4.8
Chalcopyrite	CuFeS <sub>2</sub>	1.4	1.2	0.5
Sphalerite	(Zn,Fe) <sub>5</sub>	4.8	7.7	11.2
Orthoclase	KAlSi <sub>3</sub> O <sub>8</sub>	0.6	4.2	2.4
Stilpnomelane	K(Fe,Mg) <sub>8</sub> (Si,Al) <sub>12</sub> (O,OH) <sub>27</sub> .nH <sub>2</sub> O	0.1	0.1	0.1
Magnetite	Fe <sub>3</sub> O <sub>4</sub>	1.2	0.9	1.3
Pyrrhotite	Fe <sub>1-x</sub> S	9.6	11.0	9.9
Talc	Mg <sub>3</sub> Si <sub>4</sub> O <sub>10</sub> (OH) <sub>2</sub>	2.2	0.7	0.4

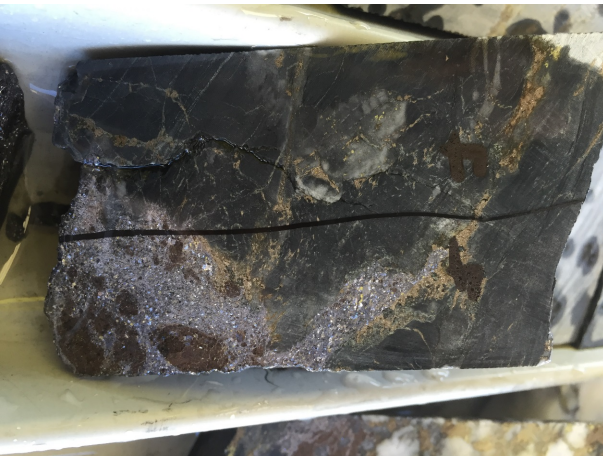


- Mineralogically the three lenses of Chronos are similar
- Main point of difference is the high grade gold core of the CRM
- Also carbonate mineralisation adjacent to sphalerite and galena in some holes into CRE and CRW has been observed.



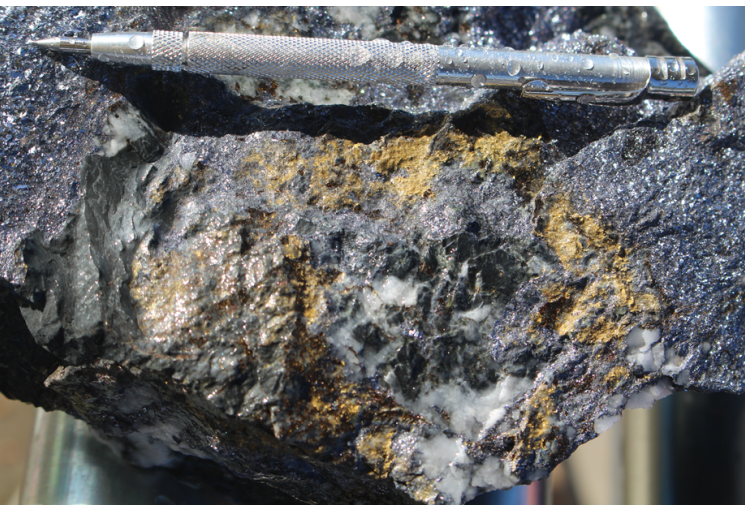
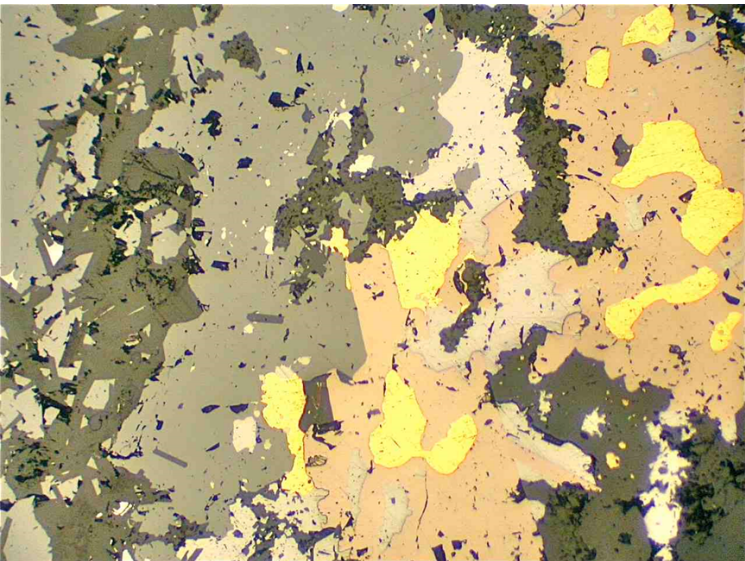
Trace amounts of albite, arsenopyrite, apatite, bismuth, bismuthinite, bornite, boulangerite, carbonates, dyscrasite, epidote, leucoxene, rutile, stannite, stipnomelane, tetrahedrite and titanite observed and gold



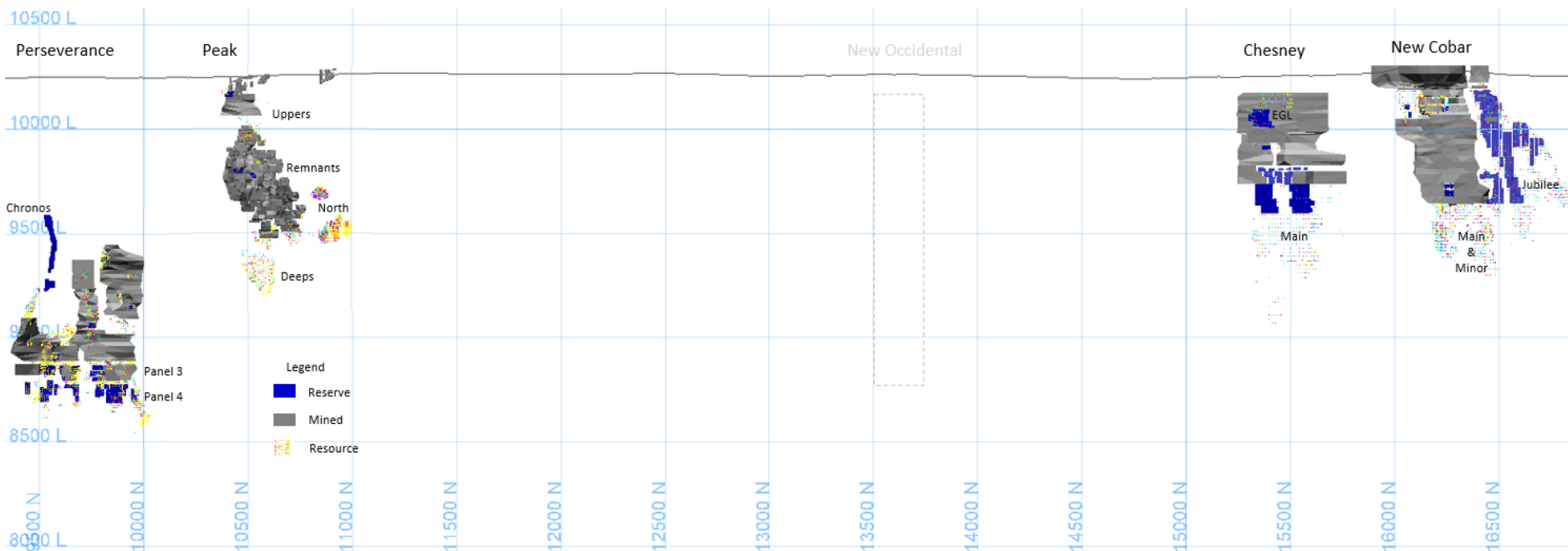


- Sulphide mineralisation is mainly as hydrothermal infill raining from veinlets and disseminated to locally massive
- Small portion is replacement product in host rock
- Recrystallised with a grain size up to 2 mm, with crude banding and zonation
- Intergrown with quartz  $\pm$  chlorite - muscovite - k-feldspar
- Textural relationships suggest the mineralisation was syn-tectonic
- Within the aggregates of sulphides textures indicate that pyrite (and arsenopyrite) are paragenetically early
- Followed by pyrrhotite, then sphalerite and lastly galena and chalcopyrite
- Silver is strongly associated with lead (with a near 1:1 recovery ratio in met test work)
- Sphalertie has a low to moderate (1-5%) Fe content and most pyrrhotites in the lenses are non-magnetic hexagonal phase





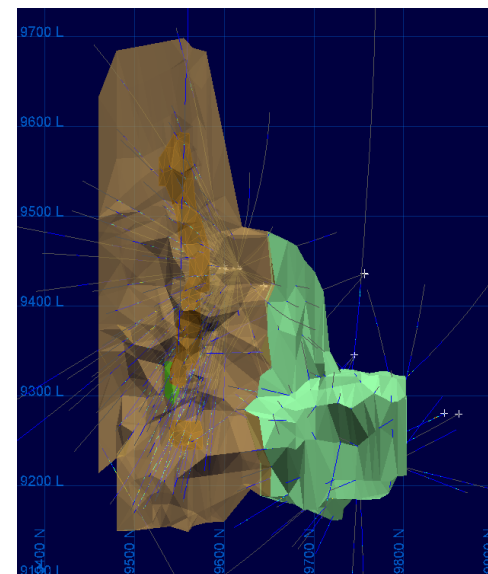
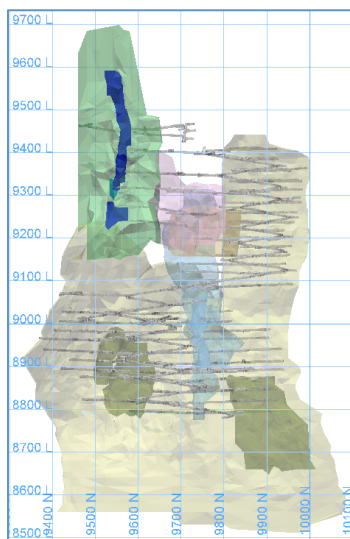
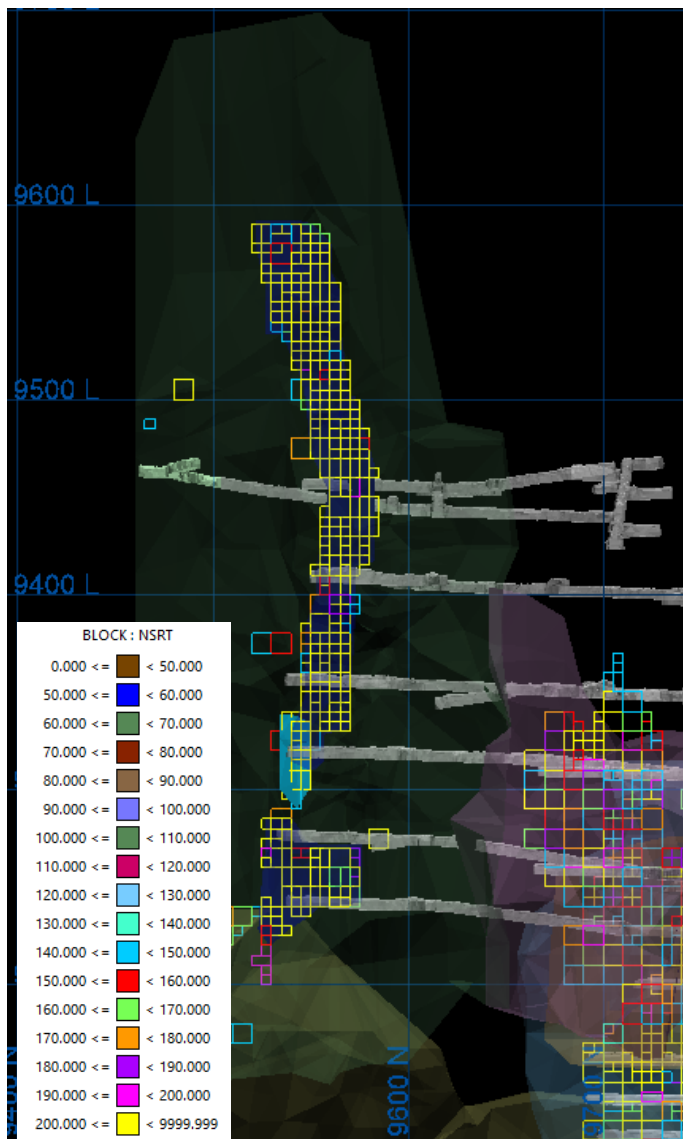
- Simply gold is found everywhere within the high grade gold core of the CRM
- Gold is likely early and remobilised
- It is found hosted within the major sulphide minerals, as clusters with sulphide veins, as 'veins' on the contact between sulphide veins and intensely altered host rock clasts and within quartz veins
- Colour of gold in hand specimen and thin section suggests a high fineness
- Highest grade seen in drill core assay was 1 m at 0.7%
- In the order of >50% of the gold in the upper percentile of samples.



Peak Gold Mines 2017 Reserve 2,760kt @ 2.8 g/t Au and 1.3% Cu

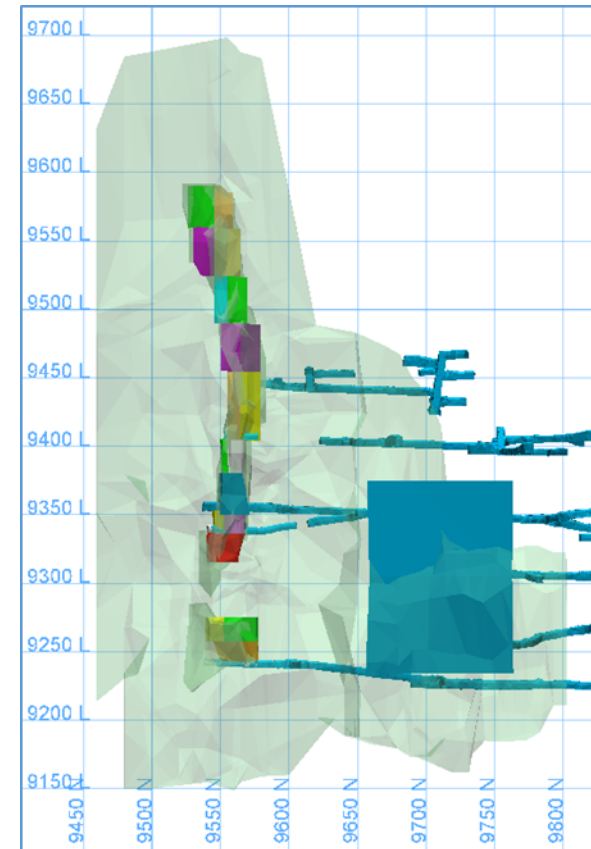
Peak Gold Mines 2017 Resource 9,200kt @ 1.88 g/t Au And 1.64% Cu (Includes Great Cobar)

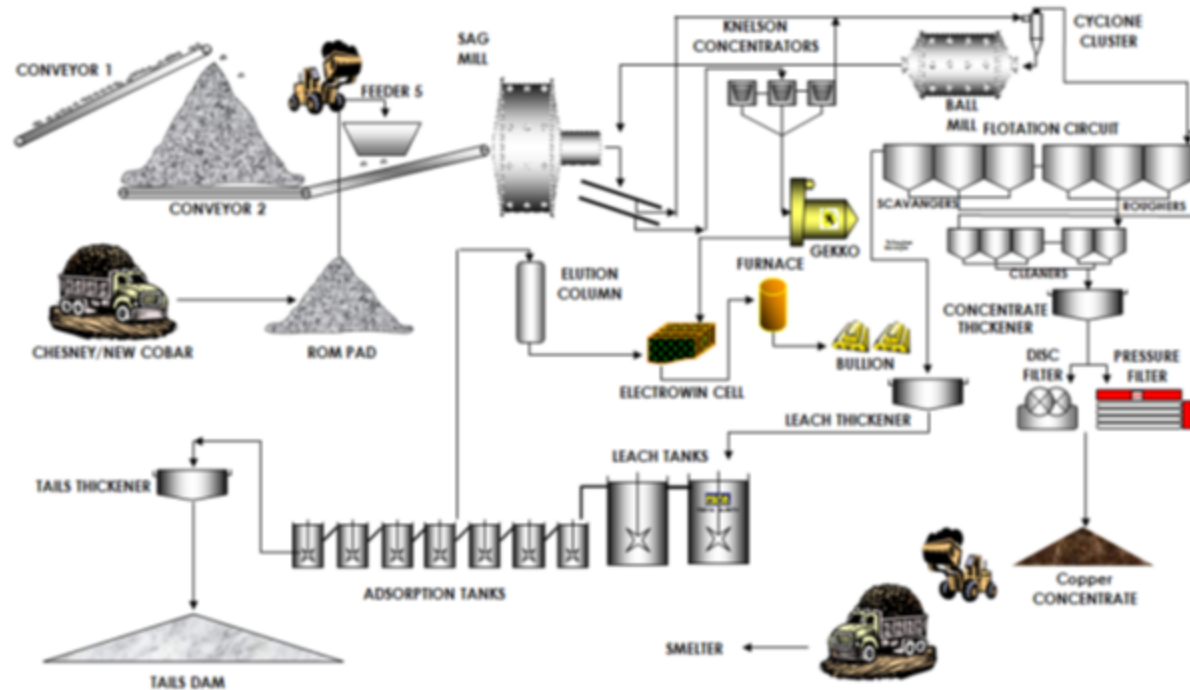
Chronos	Class	Kt	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Bi ppm	NSRT value
	Measured	110	17.44	64.91	0.84	8.23	3.42	66	\$ 866
	Indicated	78	12.83	50.65	0.49	7.69	3.45	50	\$ 631
	Inferred	0.46	22.93	21.61	0.11	1.08	0.90	26	\$ 1,065
Grand Total		190	15.52	58.82	0.69	7.99	3.43	59	\$ 768



- Domain constrained by 0.1% base metal value or 0.1ppm Au
- Highly skewed Au data
- Au CV of 32
- MIK estimation of Au
- Top threshold at 99.5 percentile
- Top threshold constrained by median
- High grade estimation constrained by wireframe
- Constraints in line with reconciliation of bulk sample
- Base metal estimate by ordinary kriging

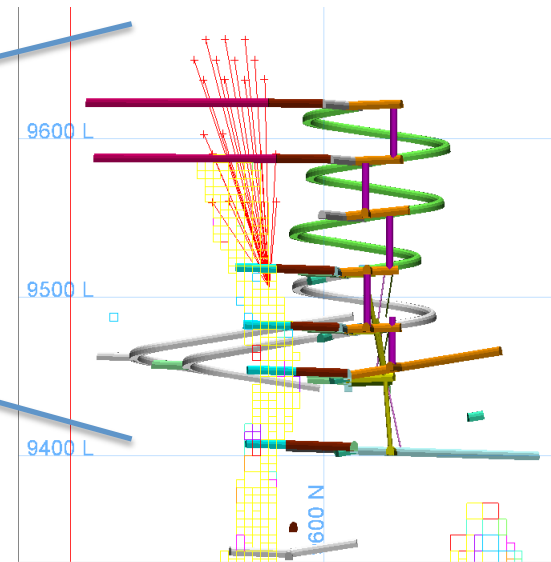
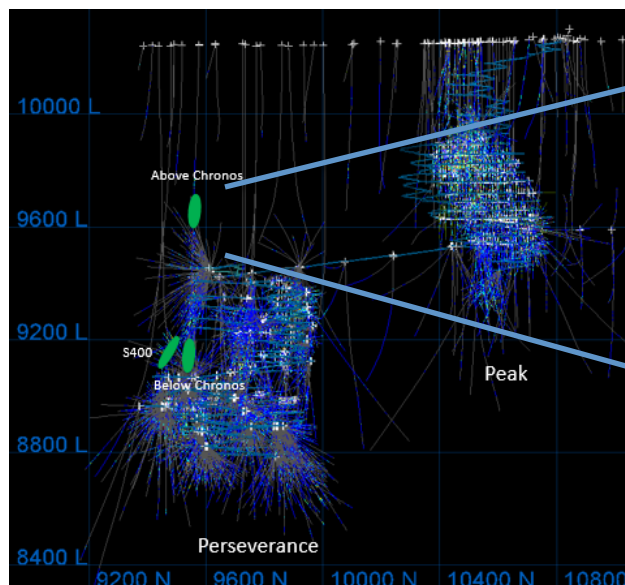
- Mining has been concentrated on the gold core of the CRM
- Underground mining is by sublevel open stoping
- Proximity to Zone A, Hercules and Hulk lenses enabled development take off from pre-existing sublevels at the lower levels of the CRM and therefore rapid access to the lenses
- In late 2015 an initial bulk sample was mined from the 9350 level development and from blind production upholes fired above. This 16,000 t of ore was highly beneficial to the operation
- Development is now complete in the lower CRM levels with production commenced





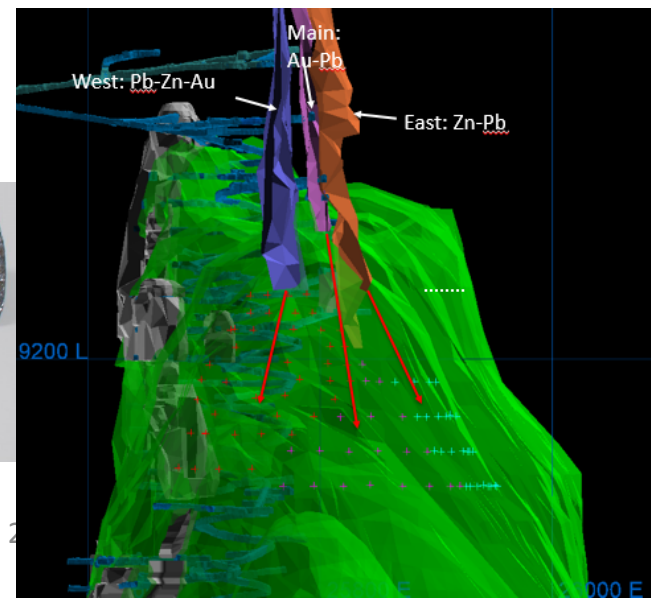
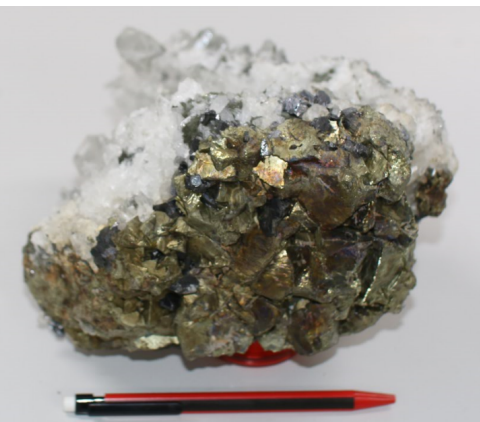
- Processing plant at PGM configured to handle gold-copper ore, producing gold doré and copper concentrate for sale.
- Due to the low copper and high lead and zinc in Chronos ore, it is stockpiled and then batched through the mill, with the plant optimised to produce gold doré and lead concentrate for sale.

- PGM's focus has been on defining and modelling the gold rich core of the CRM lens
- The current platform has been utilised to delineate the this gold rich core through its 40-50 m strike length and a vertical extent of 350 m
- From this platform the steeper upholes required to continue delineate above were deviating unpredictably and to delineate below holes were becoming excessively long
- Delineation and evaluation drilling to continue once suitable platforms have been mined underground

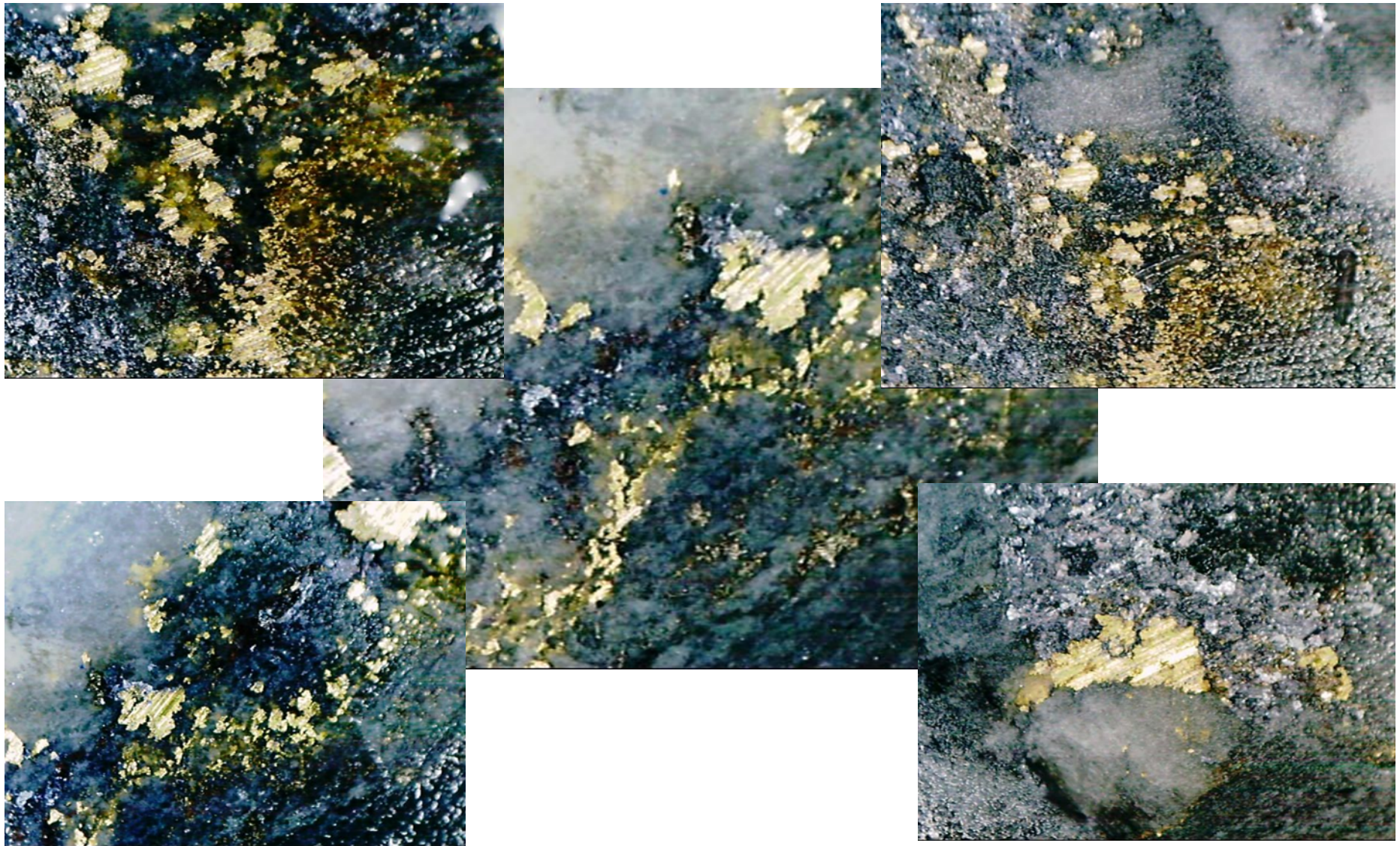


# Further Work and Conclusions

- Chronos Lenses remain open above and below the current reserves and resource, with further work require to define the extents of the lenses' Pb-Zn mineralisation
- Also the eastern portion of the rhyolite and the rhyolite-sediment contact is poorly explored.
- As seen in some other talks, persistence and perseverance is required. Over 1,000 holes over 15 years between initial hole and follow up and gold discovery hole.
- Perseverance deposit yields more questions, rather than answers, with more geological and drilling data.

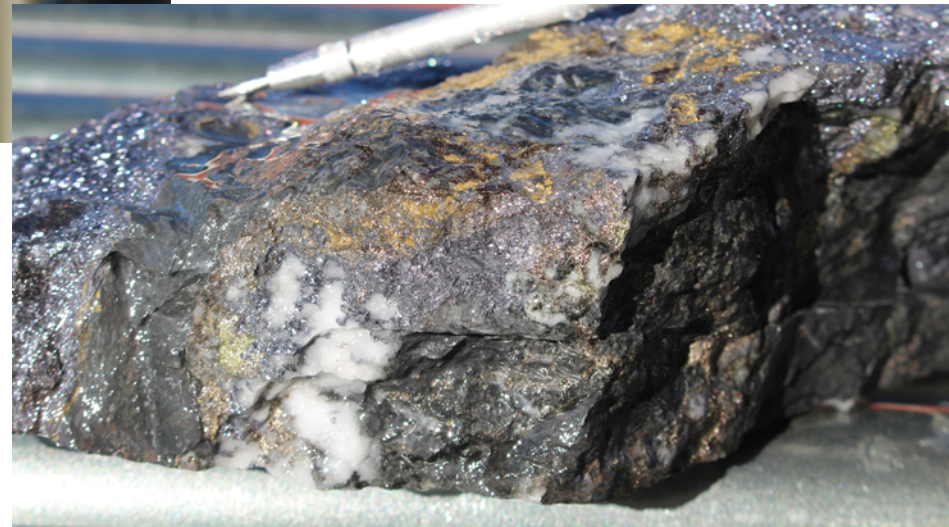
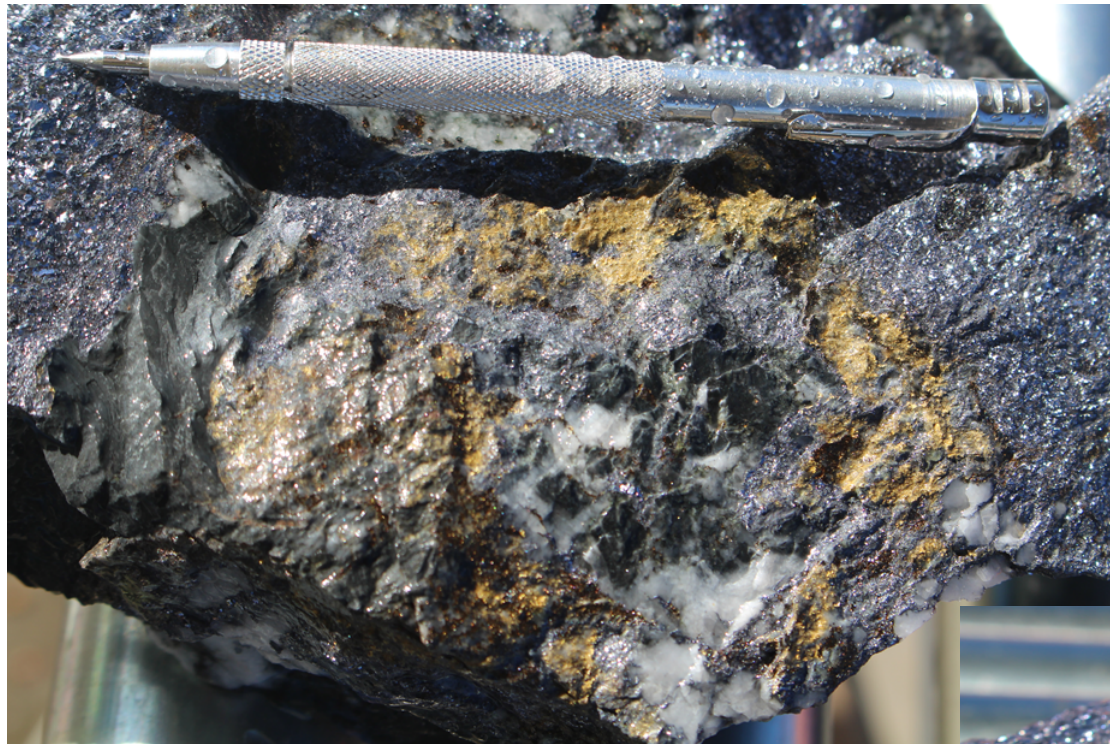


# Visible Gold From 9350 Level in CRM



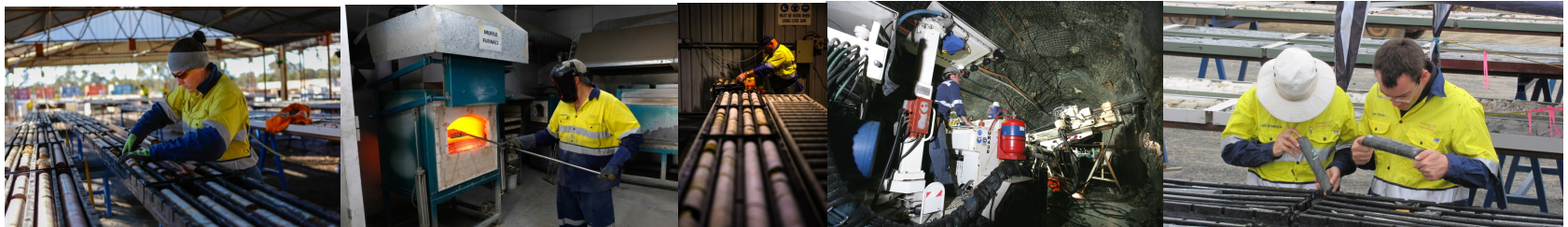


# Visible Gold From 9350 Level in CRM





- Thanks to Newgold and Peak Gold Mines for permission to present this work.
- Thanks to all the past and present geologists, core yard staff, drilling contractors and everyone else at PGM and our business partners who help make the mine a success.
- Thanks to Paul Ashley for petrographic work.
- Thanks to Le Huynh for metallurgical evaluation.
- And finally thanks to the Mines and Wines organising committee for the opportunity to present and for putting on this conference.



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Thanks for Listening!

Questions?



Above: PGM  
Headframe and Mill

Left: NQ2 core

Right: BQ core

