

New Gold to have shorter lifespan, more profit

By Sam Odrowski
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New Gold recently announced an updated life of mine for its Rainy River site north of Barwick that ceases operations in 2028 instead of 2031, but creates a stronger free cash flow for the mid-tier gold miner.

While the shorter lifespan creates some uncertainty going forward for regional employment, it is a more realistic plan, based on accurate assumptions, according to general manager and vice president of the Rainy River site at New Gold, Eric Vinet.

"I think this should be taken as being very positive because it's a path forward that makes sense," he lauded. "This [life of mine plan] is going to be eight years based on realistic costs—what we've been living."

"Take the cost of today, put it in the old tech report and it's going to be a lot less interesting," Vinet added.

"In the old one, the assumptions were too light and not complete."

The new plan expects the open pit to be fully depleted in early 2025 instead of 2027 and will extract roughly half of the rock that was originally planned for underground mining.

New Gold is also preparing to restart the intrepid portal during this summer with approximately 600 meters of development.

The main objective is to intercept the intrepid zone and validate the ore zone in general.

Vinet said there is nothing like going through and seeing the mineralize zone

Meanwhile, operations at the underground mine are expected to start in 2022, with peak production from 2025-2027.

The new plan will mine less open pit waste and send more medium to high grade ore to the mill facility.

"We are mining 150 million tonnes less than with the old plan," Vinet noted.

"When applying today's cost and indirect cost driven by this amount of waste such as wick drains, pit sloping and more, it becomes non-economical to do so," he added.

When the open pit closes



New Gold's open pit is expected to be depleted by early 2025. Currently they are stockpiling lower grade ore from the open pit that will be processed at the mill when underground operations begin in 2022.

—Sam Odrowski photo

in 2025, New Gold will have a total of 21 million tonnes of lower grade ore stockpiled and ready to be processed at the mill. It will be blended with the higher grade ore coming from the underground mine.

Vinet said processing the underground ore by itself wouldn't cover the costs of the operation, so the stockpile is needed to keep the mill at maximum throughput after the open pit closes.

The mill can process 27,000 tonnes of ore per day, but the underground mine will only extract roughly 2,400 to 3,000 tonnes per day.

This year, New Gold is expected to have the mill produce 249,000 ounces of gold and 278,000 in 2021. Looking ahead to 2022 it will increase to 321,000 ounces and in 2023 they expect to extract 329,000, before hitting 350,000 in 2024.

The increasing amount of gold being recovered at the mill in the future will come as the bottom of the open pit is being mined which will provide higher grade ore, as underground operations go into full swing.

Meanwhile, the Rainy River site has faced geo-technical challenges and has substantially completed a \$208 million capital investment to finish deferred construction that Vinet said

should have been in place last year.

He noted that the construction will be ongoing through the first three quarters of 2020 but by Q4 it will be complete and New Gold will have free cash flow as capital costs will be reduced significantly.

One of the biggest challenges at the Rainy River mine since its inception is the management of water.

Last April operations had to cease for 10 days due to excess water and in October work was slowed down again

Although, the water treatment plant was only commissioned in September of 2019 and New Gold has been holding all of its water at the Tailings Management Facility since starting the mine.

"Now the big challenge in 2020 is to discharge [compliant] water like a normal activity and there's different conditions to do so," Vinet explained.

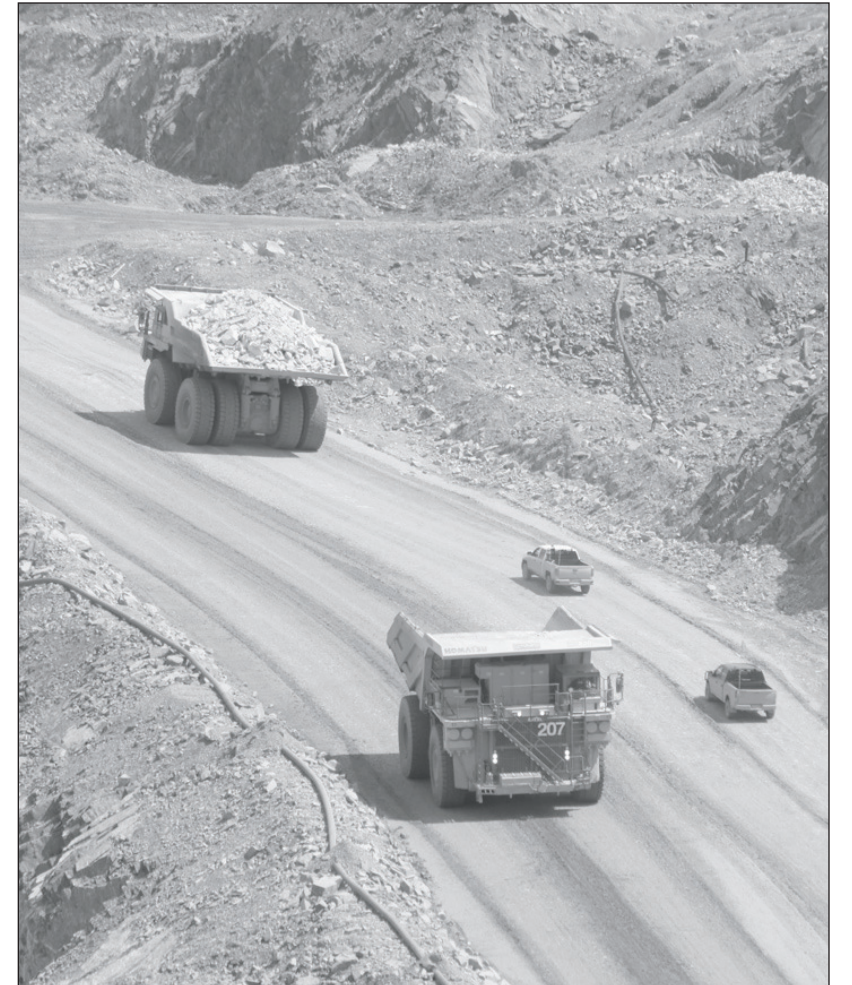
A diffuser was installed in the Pinewood river last November, which allows New Gold to discharge compliant water while preventing erosion in the bottom of the river.

Vinet said New Gold is taking action to ensure they discharge water on a regular basis to reduce the level of water currently at the mine.

Looking ahead, the future of New Gold could extend past 2028, depending on the price per ounce of gold at the time and future exploration efforts.

Currently New Gold is profitable at a gold price of \$1,275 per ounce, although it currently sits around \$1,650 USD.

There will still be four to five



New Gold's trucks haul thousands of tonnes of ore to the mill each day, which are then processed to recover gold. It is estimated that New Gold will process nearly 250,000 ounces of gold this year.

—Sam Odrowski photo

million tonnes of ore to mine underground after it is posed to close, which could extend its life beyond 2028, depending on market conditions.

However, the mill is designed to process 27,000 tonnes a day, so the underground mine alone wouldn't fully cover operating costs at the facility.

Vinet said in the future New Gold could explore the possibility of scaling down the mill operation to accommodate smaller production at the time.

"Depending on gold prices and what the exploration might unveil in the next few years,

several options could present themselves," he remarked.

"Installing a smaller mill, [or] moving or selling the current one could be some options."

"Processing the remaining underground [ore] with another source of material could become another scenario," Vinet added.

Vinet stressed that, like other mining companies, New Gold needs the support of municipalities and communities towards exploration projects if they want to have a chance to increase mine life

INSPECTION

Approved Forest Management Plan Inspection Crossroute-Sapawe Forest 2020-2030 Forest Management Plan

The Ontario Ministry of Natural Resources and Forestry (MNRF), Resolute FP Canada Inc., Rainy Lake Tribal Resource Management Inc., Fort Frances Natural Resource Advisory Committee and Atikokan Resource Management Advisory Committee would like to advise you that the 2020-2030 Forest Management Plan (FMP) for the Crossroute-Sapawe Forest has been approved by the MNRF Regional Director and is available for inspection.

The Planning Process

The FMP takes approximately three years to complete. During this time, five formal opportunities for public consultation and First Nation and Métis community involvement and consultation are provided. The fourth opportunity (Stage Four) for this FMP occurred August 27, 2019 – October 28, 2019 when the public was invited to review and comment on the draft FMP.

This 'Stage Five' notice is to advise you that the MNRF-approved FMP will be available for inspection for 30 days.

FMP Inspection – Final Opportunity

During the 30-day inspection, you may make a written request to the Director, Environmental Assessment and Permissions, Ministry of the Environment, Conservation and Parks, 1st Floor, 135 St. Clair Avenue West, Toronto, ON M4V 1P5, for an individual environmental assessment of specific planned operations in the MNRF-approved FMP.

The MNRF-approved FMP and FMP summary are available for inspection, by appointment, during normal office hours for 30 days: **February 21, 2020 – March 23, 2020** at the following locations:

- Resolute FP Canada Inc., 2001 Neebing Avenue, Thunder Bay, Attention: Beau Johnson, R.P.F. at 807-475-2030; e-mail: Beau.Johnson@resolutefp.com
- MNRF public website at www.ontario.ca/forestplans, the Ontario government Information Centre in Toronto and www.ontario.ca/serviceontario.

Interested and affected persons and organizations can arrange an appointment with MNRF staff at the appropriate MNRF District or Field Offices listed below to discuss the FMP.

The MNRF is working towards an amalgamation of the Crossroute and Sapawe Forests Management Units, resulting in one Management Unit named the Boundary Waters Forest. The designation of the Boundary Waters Forest Management Unit will become effective simultaneous with the scheduled implementation date of this Forest Management Plan.

For further information, please contact:

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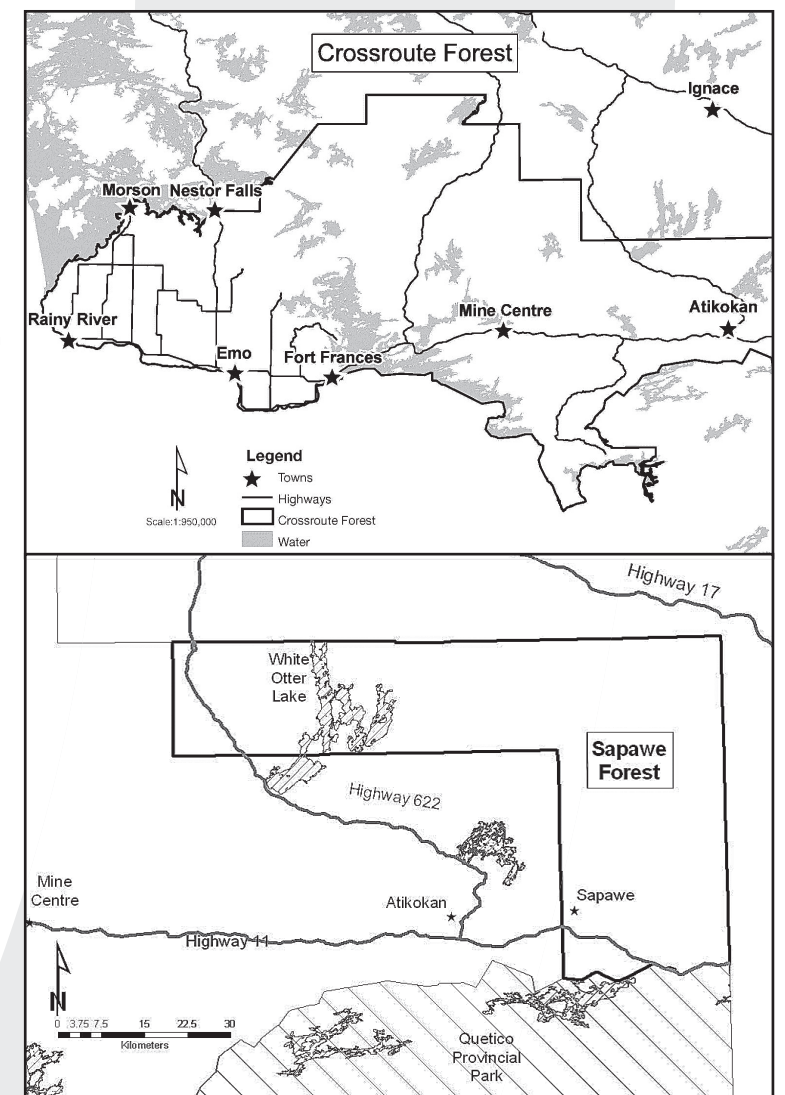
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The approved FMP will be available for the 10-year period of the FMP at the same locations listed above.

The Ministry of Natural Resources and Forestry is collecting your personal information and comments under the authority of the *Crown Forest Sustainability Act*. Any personal information you provide (address, name, telephone, etc.) will be protected in accordance with the *Freedom of Information and Protection of Privacy Act*; however, your comments will become part of the public consultation process and may be shared with the general public. Your personal information may be used by the Ministry of Natural Resources and Forestry to send you further information related to this forest management planning exercise. If you have questions about the use of your personal information, please contact Tanis Williamson, MNRF Fort Frances District Office at 807-274-5337, ext. 8638.



The 38th Annual Nestor Falls Winter Carnival

A Weekend of Fun Activities for the Entire Family!

Friday March 6th, Saturday March 7th and Sunday March 8th
In Nestor Falls and at The Nestor Falls Community Hall

FRIDAY, MARCH 6TH

3 to 6pm: Free Children's Games at the Nestor Falls Public School Skating Rink. Dogsled Rides, Games, Glow Skating, Prizes & Snacks. (Parent Supervision Required).

5 to 9pm: Fish Cook Off & Dessert Competition
Held at the Community Hall. Supper at 7PM Sharp. Fish Winner receives \$200 VISA Gift Card and Award. Dessert Winner receives \$150 VISA Gift Card and Award. (No Entry Fee for Participants) Fish and Dessert Judging: \$12 adult, \$5 child - includes fish, baked beans, coleslaw, bun, dessert and a beverage. (Cash Bar Age of Majority) Attendance Door Prize: Fish Cooker (Sponsored by Helliars Resort)

SATURDAY, MARCH 7TH

7am to 4pm: Fish Derby
Entry Fee: \$10 per person. Fish check in from 3pm to 4pm SHARP. Fish Derby tickets available at Mel's Marine, Dalseg's, Gill's Trading Post, Sunset Cove Resort, Bite Me Bait and Tackle, Helliars Resort, Nestor Falls Bait & Tackle, and Saturday after 9am at the Community Hall. (New category for the Fish Derby this year: Perch)

9am to 5pm: Penny Table at The Nestor Falls Community Hall Operated by The Nestor Falls Public School (Lottery #M791610).

11am: Community Hall Canteen & Cash Bar OPENS (Age of Majority)
Canteen by the Sioux Narrows/Nestor Falls Fire Department (Profits will go towards the new fire boat for Nestor Falls)

11am: Cribbage Tournament at the Nestor Falls Community Hall

5pm: Event Awards and Prize Draws

9pm to 1am: DANCE! Music by DJ Maverick Judson (\$5 admission)
Cash Bar (Age of Majority) Free Safe Ride available 11:00pm to 2:00am.

SUNDAY, MARCH 8TH

8:30 to 11:30am: "All You Can Eat" Pancake & Sausage Breakfast
(Free Will Donation - All donations go towards the new fire boat for Nestor Falls) \$500 VISA Gift Card All Participants Prize Draw.

If you have questions about The Winter Carnival or you want to register for The Fish Cook Off or Dessert Competition call Pam at 807-484-2103 or email pam.edwards34@hotmail.com

The Nestor Falls Winter Carnival is Sponsored by:
The Nestor Falls Recreation Committee and Great Volunteers and Many Great Businesses from this area!