

June 26th, 2018

Carl Johansson
Senior Compliance and Enforcement Analyst
Canada Environmental Assessment Agency
160 Elgin St, 22nd floor
Ottawa, Ontario
K1A0H3

RE: Rainy River Environmental Non-Compliance

Dear Mr. Johansson:

In response to your letter dated June 15th, 2018, New Gold will be implementing programs to insure the correction of the observed non-compliance:

- Condition 3.2.3 - collect site contact water and seepage in ditches and divert to either the tailings management area or water management facilities for release via final discharge points;
- Condition 3.3.3 - design and construct perimeter ditching around the east mine rock stockpile and low grade ore stockpile to accommodate a 100-year flood event; and,
- Condition 8.5.1 - maintain a fence around the tailings management area to prevent access by wildlife.

Condition 3.2.3 and 3.3.3

Work has commenced and should be completed by November 2018. Large portions of the ditch requires blasting. The attached figure and schedule outlined the work to be done.

Condition 8.5.1

New Gold is in the process of procuring a fence that will effectively exclude animals from the TMA area. The fence we are sourcing is designed specifically to exclude large and small animals. The following figure shows a representation of the proposed fence. New Gold will endeavor to have the fence installed as soon as feasible and is targeting October 2018 for completion.



Representation of the type of fence being sourced by New Gold.

If you have any questions regarding this request for written approval to impound tailings in the TMA cell 2, please do not hesitate to contact the undersigned.

Respectfully submitted,

<Original signed by>

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