



ENVIRONMENTAL ASSESSMENT REVIEW

newgold™ Blackwater Gold Project

Blackwater Gold Project

The Blackwater Gold Project is a proposed mine by New Gold Inc. which is located 160 kilometers southwest of Prince George and 110 kilometers southwest of Vanderhoof. The Blackwater Gold Project sits on the traditional lands of Ulkatcho First Nation and Lhoosk'uz Dené Nation.

The mine will extract gold and silver from the Blackwater deposit. Annual average production is 507,000 oz of gold and 2,039,000 oz silver over 17 yrs. Milling rate is estimated at 60,000 tonnes/day (22 mega tonnes/year).



Environmental Assessment Review

What is an environmental assessment (EA)?

- Identifies and evaluates the potential environmental, economic, social, heritage, and health effects that may occur during the life of a proposed project
- Identifies way to reduce effects where practical
- Ensures the issues and concerns of the public, First Nations, stakeholders, and government agencies are considered

Conducting and evaluating an EA requires experts from various fields, including:

- Geotechnical engineers
- Geochemists



- Hydrologists
- Socio-Economists
- Wildlife Biologists
- Terrestrial Biologists

The Role of Keefer Ecological Services Ltd.

Keefer Ecological Services Ltd. (KES) is an environmental consulting company located in Cranbrook, BC. Because of the technical nature of reviewing the Blackwater Gold Project, Ulkatcho First Nation and Lhoosk'uz Dené Nation contracted KES to lead the review. As a group, the three organizations have been working closely together with the goal of creating a high quality and dependable third party EA review.

The Environmental Assessment Review Process

The review process began in January 2016. Recognizing the diversity of skills needed for an effective review, KES hired specialized subcontractors to assist with the work. The Review focused on four general subject areas, including:

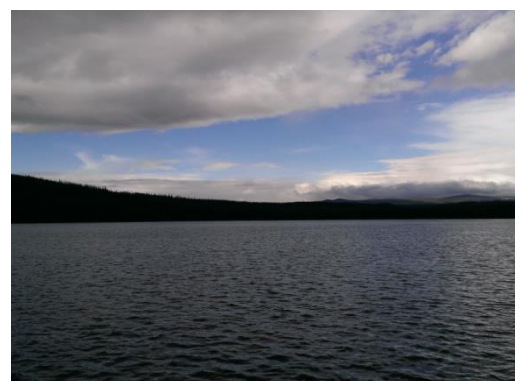
- Water
- Wildlife
- Cumulative Effects
- Socio-Economic Effects

The initial EA review was submitted to New Gold in mid-February and to the BC Environmental Assessment Agency (BC EAO) and the Canadian Environmental Assessment Agency (CEAA) in mid-April.

To date 436 comments have been submitted by the review team to New Gold. Some of the issues highlighted include:

- Tailings dam design, mine water management, water modelling, fish and fish habitat
- Weaknesses in moose, caribou, grizzly bear, and furbearer studies and assessments
- Inappropriate selection of valued components
- Inadequate cumulative effects assessment

Valued components are aspects of the natural and human environment that have scientific, ecological, economic, social, cultural, archaeological, historical or other importance. The valued components selected for a proposed project guide the focus of the environmental assessment.



New Gold has been working closely with Ulkatcho First Nation, Lhoosk'uz Dené Nation, and Keefer Ecological Services Ltd. to address these issues and much progress has been made to improve the Blackwater Gold Project.

Impact Benefit Agreement

What is an Impact Benefit Agreement (IBA)?

An IBA is a formal contract that outlines:

- The environmental, socio-economic, and cultural impacts of the proposed project
- Commitments and responsibilities of New Gold to mitigate impacts in cooperation with, and as required by, Ulkatcho First Nation and Lhoosk'uz Dené Nation
- How Ulkatcho First Nation and Lhoosk'uz Dené Nation will share in the benefits of the operation through capacity building, employment, and economic development

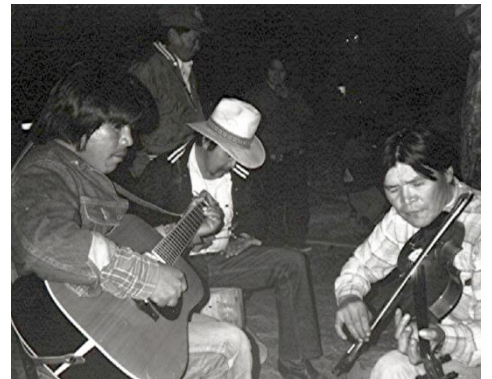
IBA Between Ulkatcho First Nation, Lhoosk'uz Dené Nation, and New Gold

- **Nothing has been agreed to or signed yet**
- Both nations have been in joint discussions for an IBA
- The discussions are at a mature stage
- Discussions involve Environmental Protection and Monitoring, Revenue Share, Contract Opportunities, and Education and Training

Education and Training Opportunities

If approved, the Blackwater Gold Mine offers a variety of employment opportunities. The Ulkatcho First Nation and Lhoosk'uz Dené Nation have been working with New Gold on a training and employment strategy that will allow us to deliver education and training services to our members. Our goal is to have the Nations ready for long term meaningful jobs.

- We have developed a training and employment strategy
- We are working on an implementation strategy
- We are looking for partners to deliver the needed training to members



First of its Kind: Historic Signing

The Canadian Environmental Assessment Agency (CEAA), BC Environmental Assessment Agency (BC EAO), Ulkatcho First Nation and Lhoosk'uz Dené Nation have signed a Memorandum of Understanding (MOU) to work together on the Blackwater Gold Mine EA. The MOU provides us with substantial input on what goes into the reports and allows us to provide an assessment of how our Nations will be affected by mine development. It is something that has never been done before which means:

- We have a larger say in reports about potential impacts from the mine
- We move to the highest level of consultation
- We are proactive in the EA opposed to reactive
- We can draft conditions for the Minister to consider

Community Meetings

Community meetings have been scheduled for:

- Oct. 18th and 19th, 2016 in Quesnel for the Lhoosk'uz Dené Nation
- Oct. 20th, 2016 in Anahim Lake for the Ulkatcho First Nation

Agenda to Follow

