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Published by **Acquisdata Pty Ltd**

A.C.N. 147 825 536

ISSN 2203-2738 (Electronic)

www.acquisdata.com

MEXICO MINING

15 September 2016

This Week's News

- **Mining.com - Endeavour to buy Mexican exploration properties from Silver Standard - 15/9/2016**
  Canadian Endeavour Silver, a mid-tier precious company with long-standing operations in Mexico, has entered into a definitive agreement with fellow Canadian Silver Standard Resources to acquire a 100% interest in the latter's Parral properties.
  For the complete story see: http://www.mining.com/endeavour-to-buy-mexican-exploration-properties-from-silver-standard/
- **BN Americas - Americas Silver to advance Mexico project - 13/9/2016**
  Americas Silver said it will go ahead with construction of its San Rafael project in Mexico.
  For the complete story see: http://www.bnamericas.com/en/news/mining/americas-silver-to-advance-mexico-project
- **BN Americas - GoGold to advance Mexico project to production - 12/9/2016**
  GoGold Resources plans to progress its Santa Gertrudis gold project in Mexico to production.
  For the complete story see: http://www.bnamericas.com/en/news/mining/gogold-to-advance-mexico-project-to-production

Other Stories

- Steel Orbis - AHMSA to invest $1 billion in next 2 years - 6/9/2016
- BN Americas - Mexico's mining output slumps - 31/8/2016

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- Fresnillo plc - Fresnillo plc interim results for the six months to 30 June 2016 – 2/8/2016
- New Gold - New Gold Delivers Higher 2016 Second Quarter Cash Flow and Significantly Lowers Full-Year Cost Guidance – 27/7/2016
- Fresnillo - Production Report for the three months ended 30 June 2016 – 20/7/2016
- Fresnillo plc - Update on San Julián – 1/7/2016
- Minera San Xavier/New Gold - New Gold has continued exploration success at New Afton C-zone and the Peak Mines – 27/6/2016

Latest Research

- Water-rock-tailings interactions and sources of sulphur and metals in the subtropical mining region of Taxco, Guerrero (southern Mexico): A multi-isotopic approach - By Oscar Talavera Mendoza , Joaquin Ruiz, Elvia Díaz Villaseñor, Alejandro Ramírez Guzmán,Alejandra Cortés, Sergio Adrián Salgado Souto, Azucena Dótor Almazán, Reymundo Rivera Bustos

Leading Company Overview

Altos Hornos de Mexico (AHMSA)
Fresnillo (FRES)
Grupo Mexico (GMEXICOB)
Minera San Xavier / New Gold (AUTLANB)
Penoles (PE&OLES)

News and Commentary

Mining.com - Endeavour to buy Mexican exploration properties from Silver Standard - 15/9/2016

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BN Americas - Americas Silver to advance Mexico project - 13/9/2016

Americas Silver said it will go ahead with construction of its San Rafael project in Mexico.

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http://www.bnamericas.com/en/news/mining/americas-silver-to-advance-mexico-project

BN Americas - GoGold to advance Mexico project to production - 12/9/2016

GoGold Resources plans to progress its Santa Gertrudis gold project in Mexico to production.

For the complete story see:
http://www.bnamericas.com/en/news/mining/gogold-to-advance-mexico-project-to-production

Steel Orbis - AHMSA to invest $1 billion in next 2 years - 6/9/2016

Mexican integrated steelmaker Altos Hornos de Mexico (AHMSA) plans to invest $1 billion in the next two years, the company's...

For the complete story see:
https://www.steelorbis.com/steel-news/latest-news/ahmsa-to-invest-1-billion-in-next-2-years-948447.htm

BN Americas - Mexico's mining output slumps - 31/8/2016

Mexico's mining production fell 8.7% in June compared to the same month last year – the steepest decline in seven years.

For the complete story see:
http://www.bnamericas.com/en/news/mining/mexicos-mining-output-slumps

Media Releases

Fresnillo plc - Fresnillo plc interim results for the six months to 30 June 2016 – 2/8/2016

Highlights (H1 2016/H1 2015 comparisons)

- Silver production of 25.2 moz (including Silverstream), up 6.1%, and gold production of 448 koz, up 23.0%
- Profit for the period of US$165.6m, up 116.9%
- Basic and diluted EPS US$22.7 cents per share, up 118.3%
- Cash generated from operations of US$475.2m, up 50.9%
- Strong balance sheet maintained - cash, cash equivalents and short-term investments of US$701.2m
- Interim dividend of US$63.4m (8.6 US cents per share) declared reflecting Board's confidence in the Company's financial position and outlook; no change to previously stated policy
- Construction of the leaching plant (stage 1) at San Julián completed, with production expected to re-start in the coming days
- Centauro Extension project and resumption of Pyrites project approved by the Board
- Full year gold production guidance raised to 850-870 koz from 775-790 koz; full year silver production remains on track (49-51 moz, including Silverstream)

Highlights for 1H16

US$ million unless stated	H1 16	H1 15	% change
Silver Production (koz) *	25,212	23,771	6.1
Gold Production (oz)	447,569	364,020	23.0
Total revenues	886.9	752.3	17.9
Adjusted revenues[1]	959.4	822.4	16.7
Exploration expenses	52.1	75.4	-30.9
EBITDA[2]	474.0	317.9	49.1
Profit for the period	165.6	76.4	116.9
Cash generated by operations before changes in working capital	475.2	314.9	50.9
Basic and Diluted EPS (US$)[3]	0.227	0.104	118.3
Dividend per ordinary share (US$)	0.086	0.0210	309.5

* Silver production includes volumes realised under the Silverstream Contract

[1] Adjusted revenues is the revenue shown in the income statement adjusted to add back treatment and refining costs and gold, lead and zinc hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices

[2] Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative, selling and exploration expenses

[3] The weighted average number of shares for H1 2016 and H1 2015 was 736.9m. See Note 8 in the Interim Consolidated Financial Statements.

Octavio Alvídrez, Chief Executive Officer of Fresnillo plc, said:

"We have had a solid first half operationally, with silver and gold production up 6% and 23% respectively. Silver production was driven by another strong performance at Saucito following the ramp-up of Saucito II and the plant optimisation, higher grades at Ciénega, and higher ore grades and production at the Fresnillo mine. We continue to progress the turnaround at Fresnillo, consolidating the improvements already made. Gold production was driven by increased output from our open pit mines, Herradura and Noche Buena. I am confident we are well-placed to meet our

2016 silver production guidance of 49-51 million ounces, and our recently increased 2016 gold production guidance of 850-870 thousand ounces.

The first half saw construction of the leaching plant at our new San Julián mine completed. As previously reported, we expect to re-start feeding ore to the mill in the coming days, post a minor issue with the lubrication system. Phase 2 of this project remains on track for commissioning by year end. Looking further forward, the first half also saw Board approval for the resumption of the Pyrites plant project, thanks to improved market conditions, and the approval of the Centauro Extension project at Herradura, encompassing a second line to the Dynamic Leaching Plant. I am also pleased to report that our ongoing exploration activity yielded interesting drill results at San Julián, Guanajuato and Fresnillo.

Precious metals prices have performed strongly since the start of the year, and our mines have seen increased production, resulting in robust financial results. However, we are maintaining our cautious approach, with strict operational and financial discipline, and investment decisions will continue to be evaluated on a project by project basis against key criteria. This is in line with our Contingency Plan, which we put in place early this year and which remains in place. Our strategic objectives remain unchanged and we will continue to take a long-term view, focusing on balancing profitable growth with returns, whilst maintaining a solid financial position.

Thanks to this conservative approach we remain well placed to create value throughout price cycles, with our high quality, low cost assets and significant growth pipeline, combined with our balance sheet strength. "

Commentary on the Group's results

Fresnillo plc's operating results were driven by a strong performance from Herradura, with higher speeds of recovery and an increase in ore processed following the commissioning of the second Merrill Crowe plant in late 2015. Higher speeds of recovery at Noche Buena also contributed to the increased gold production. In silver, regained access to the higher grades areas at the San Carlos and San Alberto veins led to higher ore grades and production at Fresnillo, whilst Saucito continued to perform strongly following the ramp-up of Saucito II and the plant optimisation. Ciénega saw a decrease in gold production resulting from lower grades, but an increase in silver production mainly due to higher silver grades at the Rosario and Las Casas areas.

Increased volumes of gold, silver, lead and zinc sold and our cost reduction initiatives, coupled with the benefit of external variables including the recovery of the gold price and the devaluation of the Mexican peso/US dollar exchange rate, positively impacted the Group's financial results in the first half of 2016.

Total revenues increased 17.9% half on half to US$886.9 million in the first six months of 2016 mainly as a result of increased sales volumes and the higher gold price during the period; which was partly offset by higher treatment and refining charges resulting from the increased volumes of lead and zinc concentrates produced.

Adjusted production costs of US$299.7 million decreased by 5.2% compared to the first half of 2015. This decrease was mainly explained by the favourable effect of the 19.3% devaluation of the Mexican peso vs. the US dollar, lower energy prices and the positive impact of our cost reduction initiatives. These factors more than compensated for the additional production costs recorded resulting from the increased ore throughput at Herradura and Saucito. However, cost of sales of US$492.5 million increased slightly by 2.9% over the first half of 2015 mainly due to the decrease in inventories at Herradura following the increased processing capacity achieved with the commissioning of the second Merrill Crowe plant; and to a lesser extent a decrease in inventories at Noche Buena.

Similarly, cost per tonne across all our mines decreased, reflecting the benefit of the devaluation of the average Mexican peso/US dollar exchange rate and the efficiencies and cost reduction initiatives achieved.

The increase in revenues, which more than offset the slight increase in cost of sales resulted in a 44.1% increase in gross profit to US$394.4 million in the first half of 2016.

Administrative expenses decreased by 20.9% as a result of a decrease in non-recurring engineering and construction services provided by Peñoles related to new projects, the lower cost of services provided by third parties and the positive effect of the devaluation of the Mexican peso against the US dollar on administrative expenses denominated in pesos.
As part of our Contingency Plan, exploration expenses of US$52.1 million also decreased over the first half of 2015 as a result of a slower pace of drilling.

The higher gross profit and lower administrative and exploration expenses resulted in a 49.1% increase in EBITDA, with the EBITDA margin rising from 42.3% in the first half of 2015 to 53.4% in the same period of 2016.

In the first half of 2016, net finance costs included US$13.9 million as a result of the interest recognised in the income statement in relation to the US$800 million debt facility raised in November 2013. In addition, a non-cash loss of US$136.6 million was recognised in respect of the gold hedging programme put in place to protect the investment made in the acquisition of the 44% stake of Newmont in Penmont.

During the period, there was a positive revaluation of the Silverstream (US$109.9 million) due most significantly to the higher forward silver price and the decrease in the reference discount rate (LIBOR).

The 9.9% spot devaluation of the Mexican peso against the US dollar in the six months to 30 June 2016 had an adverse effect on the value of peso-denominated net current assets when converted to US dollars, resulting in a foreign exchange loss of US$8.6 million in the first half of 2016.

Profit from continuing operations before income tax increased by 87.4% from US$136.1 million to US$255.1 million in the first half of 2016.

Income tax expense increased 51.6% to US$73.7 million as a result of higher profits generated in the first half of 2016. The effective tax rate, excluding the special mining right, was 28.9%, and 35.1% including the effects of the special mining right.

Net profit for the period was US$165.6 million, a 116.9% increase over the first half of 2015.

Cash flow generated by operations, before changes in working capital, increased by 50.9% to US$475.2 million in the first half of 2016 as a result of higher profits.

Capital expenditure totaled US$198.8 million, a decrease of 13.2% over the first half of 2015. Investments during the period included construction at the San Julián project, leaching pads at Herradura and development at Fresnillo and Ciénega.

Other uses of funds during the period were income tax and profit sharing paid of US$67.9 million (US$33.5 million in 1H15) and dividends paid of US$24.8 million (US$22.1 million in 1H15).

The Group maintained a strong balance sheet. Cash, cash equivalents and short-term investments (together defined as "short-term funds") as at 30 June 2016 amounted to US$701.2 million, a 47.4% increase compared to the US$475.7 million in short term funds at the end of June 2015 and a 40.2% increase over the year-end total ofUS$500.1 million. Taking into account the short-term funds of US$701.2 million and the US$796.5 million amortised cost of the Senior Notes, Fresnillo plc's net debt was US$95.3 million as at 30 June 2016.

The Board of Directors has declared an interim dividend of 8.6 US cents per share totaling US$63.4 million which will be paid on 9 September 2016 to shareholders on the register on 12 August 2016. This decision was made after a comprehensive review of the Company's and Group's financial situation, assuring that the Group is well placed to meet its current and future financial requirements, including its development and exploration projects. Fresnillo plc's existing

dividend policy, which takes into account the profitability of the business and underlying earnings, as well as our capital requirements and cash flows while maintaining an appropriate level of dividend cover, remains in place. To reiterate the policy, a total dividend of between 33 and 50 percent of profit after tax is paid out each year in the approximate proportion of one-third to be paid as an interim dividend, two-thirds to be paid as a final dividend.

Growth

Fresnillo plc remains committed to disciplined and sustainable profitability. Our high quality growth pipeline allows us to focus on projects with the potential to be developed into world class low-cost mines. During the first half, construction of the leaching plant at our San Julián mine was completed on time and on budget. As previously reported, we expect to re-start feeding ore to the mill in the coming days, post a minor issue with the lubrication system at the mill. Phase 2, the flotation plant, remains on track for commissioning in the fourth quarter of 2016.

As a result of the improved market conditions in the first half of 2016 and the Group's solid financial position, the Board approved the resumption of the Pyrites plant project. The Centauro Extension project was also approved during the period, encompassing a second line at the Dynamic Leaching Plant at Herradura. We expect the commissioning of both projects in 2018.

In exploration, interesting drill results were obtained at San Julián, Guanajuato and Fresnillo, whilst channel sampling and mapping of cross-cuts at the Centauro Deep and Orisyvo advanced exploration projects continued.

We continue to expect full year 2016 capital expenditure and total exploration investment of around US$600 million and US$135-140 million respectively, as spend will be weighted towards the second half of 2016.

Outlook

Our proven strategy remains consistent: we invest through the cycle, balancing growth with returns. Our operating mines provide a solid platform for growth, which we are set to deliver through our development projects and our investment in exploration to extend our growth pipeline. This is achieved within the context of a maturing sustainability framework.

Precious metals prices have seen a strong recovery since the start of the year, particularly post the UK referendum on departing the European Union. However, the sustainability of any rally in gold and silver prices will always remain uncertain. We therefore maintain our Contingency Plan which was put in place at the beginning of the year. To that end, growth projects will continue to be evaluated against a range of metrics before final investment decisions are made: operational circumstances, technical justification, the pricing backdrop, and our financial position.

Our high quality, low cost assets, and significant quality growth pipeline, combined with our balance sheet strength, leave us well placed to perform throughout the cycle.

We remain on track to meet our 2018 silver production target of 65 million ounces, having already surpassed our 2018 gold target of 750 thousand ounces.

Presentation for Analysts

Octavio Alvídrez, Chief Executive Officer and Mario Arreguín, Chief Financial Officer, will host a presentation for analysts on Tuesday 2nd August at 9am (BST) at Bank of America Merrill Lynch, 2 King Edward St, London EC1A 1HQ

For analysts unable to attend dial in details are:
Dial-in number: +44 (0) 20 3059 8125
Password: Fresnillo Interim Results 2016

A webcast can be accessed at: www.fresnilloplc.com

For further information, please visit our website: www.fresnilloplc.com or contact:

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About Fresnillo plc

Fresnillo plc is the world's largest primary silver producer and Mexico's second largest gold producer, listed on the London and Mexican Stock Exchanges under the symbol FRES.

Fresnillo plc has six operating mines, all of them in Mexico - Fresnillo, Saucito, Ciénega (including the San Ramón satellite mine), Herradura, Soledad-Dipolos[1] and Noche Buena, two development projects - San Julián and the Pyrites plant, and four advanced exploration prospects - Orisyvo, Juanicipio, Las Casas Rosario & Cluster Cebollitas and Centauro Deep, as well as a number of other long term exploration prospects. In total, Fresnillo plc has mining concessions covering approximately 2 million hectares in Mexico.

Fresnillo plc has a strong and long tradition of mining, a proven track record of mine development, reserve replacement, and production costs in the lowest quartile of the cost curve for silver.

Fresnillo plc's goal is to maintain the Group's position as the world's largest primary silver company, producing 65 million ounces of silver per year by 2018, having already surpassed the gold target of 750,000 ounces.

Forward Looking Statements

Information contained in this announcement may include 'forward-looking statements'. All statements other than statements of historical facts included herein, including, without limitation, those regarding the Fresnillo Group's intentions, beliefs or current expectations concerning, amongst other things, the Fresnillo Group's results of operations, financial position, liquidity, prospects, growth, strategies and the silver and gold industries are forward-looking statements. Such forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Fresnillo Group's operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the US dollar and Mexican Peso exchanges rates), the Fresnillo Group's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, changes in its business strategy and political and economic uncertainty.

[1] Operations at Soledad-Dipolos are currently suspended.

Operational Review

Production

Production	H1 2016	H1 2015	% change
Silver (koz)	22,824	21,630	5.5
Silverstream prod'n (koz)	2,388	2,141	11.5
Total Silver prod'n (koz)	25,212	23,771	6.1
Gold (oz)	447,569	364,020	23.0
Lead (t)	22,668	19,259	17.7
Zinc (t)	25,380	20,438	24.2

First half 2016 silver production (including Silverstream) increased 6.1% on 1H15, mainly as a result of: i) the higher ore grades at Fresnillo as a result of regained access to the higher ore grade areas of the San Carlos and San Alberto veins; ii) higher silver ore grades at the Rosario and Las Casas areas of Ciénega; and iii) increased ore throughput at Saucito.

First half 2016 gold production increased 23.0% on 1H15, due to higher volumes of ore processed and higher speeds of recovery at Herradura, as well as higher speeds of recovery at Noche Buena. These factors were partially offset by the lower ore grade at Ciénega due to the depletion of some high grade stopes, lower ore grades at the Rosario and Las Casas areas and increased dilution due to the narrowing of some veins.

First half by-product lead production increased 17.7% on 1H15 mainly as a result of higher ore grades at Fresnillo and Ciénega and increased ore throughput at Saucito.

First half by-product zinc production increased 24.2% on 1H15 as a result of higher ore grades at Fresnillo and Ciénega and increased volumes processed and recovery rates at Saucito.

As a result of our first half results and our confidence in second half performance, we have raised our full year gold guidance to 850-870 koz from 775-790 koz. We remain on track to meet our 2016 silver production guidance of 49-51 moz (including Silverstream).

Fresnillo mine production

	H1 2016	H1 2015	% change
Ore Processed (t)	1,189,637	1,206,441	-1.4
Production			
Silver (koz)	8,285	7,831	5.8
Gold (oz)	20,631	15,092	36.7
Lead (t)	9,543	7,005	36.2
Zinc (t)	10,952	8,206	33.5
Ore Grades			
Silver (g/t)	234	220	6.6
Gold (g/t)	0.70	0.50	39.0
Lead (%)	0.89	0.65	37.4
Zinc (%)	1.36	1.04	31.0

First half silver production increased 5.8% on 1H15 as a result of higher ore grades (up 6.6%) due to the regained access to higher grade areas at the San Carlos and San Alberto veins. This more than offset the lower ore processed due to a reduction in the availability of mining equipment caused by maintenance delays during the second quarter, and preparation of additional production stopes. Steps have been taken to solve these problems, and equipment availability is back to normal rates.

The turnaround plan at Fresnillo continues to progress, and the medium term trend remains positive, despite the expected short term fluctuations as we consolidate the improvements already made. We expect full year silver production at this mine to show an increase of around 6% compared to 2015.

In the second half of 2016 we expect an average silver ore grade of around 235 g/t.

First half by-product gold and lead production increased 36.7% and 36.2% respectively on 1H15 as a result of a higher ore grades.

First half by-product zinc production increased 33.5% on 1H15 due to a higher ore grade and recovery rate.

Saucito mine production

	H1 2016	H1 201

http://otp.investis.com/clients/uk/fresnillo1/rns/regulatory-story.aspx?cid=191&newsid=768999

New Gold - New Gold Delivers Higher 2016 Second Quarter Cash Flow and Significantly Lowers Full-Year Cost Guidance – 27/7/2016

07/27/2016

(All dollar figures are in US dollars unless otherwise indicated)

TORONTO, July 27, 2016 /CNW/ - New Gold Inc. ("New Gold") (TSX:NGD) (NYSE MKT:NGD) today announces its 2016 second quarter results and provides an update on the construction of the company's Rainy River project.

2016 SECOND QUARTER HIGHLIGHTS

- Gold production of 99,423 ounces increased by 15% relative to 2015 and copper production of 25.7 million pounds increased by 9%
- All-in sustaining costs(1) decreased to $717 per ounce, including total cash costs(2) of $334 per ounce
  - All four operations generated free cash flow during the quarter
- Cash generated from operations before changes in non-cash operating working capital(3) of $82 million, a 31% increase compared to 2015
- Cash generated from operations of $79 million, a 39% increase from 2015
- Adjusted net earnings(4) of $14 million, or $0.03 per share, relative to an adjusted net loss of $1 million, or nil per share, in 2015
- Net loss of $9 million, or $0.02 per share, compared to net earnings of $9 million, or $0.02 per share, in 2015

- Rainy River construction approximately 40% complete at June 30, 2016 with $107 million in capital expenditures during the quarter

- June 30, 2016 cash and equivalents of $220 million

"We are proud to have delivered such strong second quarter results," stated Randall Oliphant, Executive Chairman. "The combination of higher production, lower costs and improved gold prices enabled us to generate a 39% increase in our cash flow. We are on track to meet our full-year gold production guidance and pleased to be in a position to lower our cost guidance. We look forward to a strong finish to the year."

"At the same time, our Rainy River project is moving ever closer to production. The construction of the processing facilities and initial mining activities are both going very well and we are making good progress in resolving the challenge we encountered earlier this year related to the ground conditions at the water and tailings management facilities," added Mr. Oliphant.

CONSOLIDATED YEAR-TO-DATE OPERATIONAL RESULTS AND 2016 GUIDANCE

Consistent with the expectations the company outlined as part of its first quarter results, gold production increased quarter over quarter, resulting in consolidated gold production of 190,234 ounces in the first six months of 2016 which was 5% higher than the same period of the prior year. As a result of the company's strong first half production, New Gold is well positioned to meet its full-year gold production guidance of 360,000 to 400,000 ounces. At the same time, the company's first half copper production of 51.1 million pounds was higher than planned, increasing by 10% relative to the prior-year period, and New Gold now anticipates it will exceed the high end of its full-year copper production guidance of 81.0 to 93.0 million pounds. Consolidated full-year silver production is expected to be at, or slightly below, the low end of the guidance range of 1.6 to 1.8 million ounces.

For the six-month period ended June 30, 2016, New Gold's all-in sustaining costs of $736 per ounce and total cash costs of $343 per ounce were both well below the prior year and are tracking below the company's 2016 cost guidance. The $233 per ounce decrease in all-in sustaining costs relative to the first half of 2015 was attributable to the combination of a $106 per ounce decrease in total cash costs and a $125 per ounce, or $20 million, decrease in the company's consolidated sustaining costs[(1)], which include New Gold's cumulative sustaining capital, exploration, general and administrative, and amortization of reclamation expenditures.

Based on New Gold's first half operating results, and assuming current commodity prices and foreign exchange rates, the company now expects its 2016 full-year total cash costs to be $360 to $400 per ounce, a $75 per ounce reduction from the company's original guidance range of $435 to $475 per ounce. As total cash costs form a component of all-in sustaining costs, New Gold similarly expects a $75 per ounce reduction from its 2016 full-year all-in sustaining costs to approximately $750 to $790 per ounce as compared to the company's original guidance range of $825 to $865 per ounce.

NEW GOLD SUMMARY OPERATIONAL RESULTS

	Three months ended June 30		Six months ended June 30	
	2016	**2015**	**2016**	**2015**
GOLD PRODUCTION (thousand ounces)				
New Afton	25.3	24.4	50.4	48.3

Mesquite	25.6	22.5	52.9	48.2
Peak Mines	31.3	14.9	50.9	34.3
Cerro San Pedro	17.3	24.7	36.1	50.6
Total Gold Production	**99.4**	86.4	**190.2**	181.4
Total Gold Sales (thousand ounces)	101.8	87.8	187.9	180.2
Average Realized Gold Price per ounce[5]	$1,267	$1,191	$1,239	$1,210
COPPER PRODUCTION (million pounds)				
New Afton	22.1	19.9	44.5	39.5
Peak Mines	3.6	3.7	6.6	7.1
Total Copper Production	**25.7**	23.6	**51.1**	46.6
Total Copper Sales (million pounds)	25.2	23.7	50.4	45.8
Average Realized Copper Price per pound[5]	$2.14	$2.72	$2.14	$2.66
SILVER PRODUCTION (million ounces)				
New Afton	0.1	0.1	0.1	0.1
Cerro San Pedro	0.2	0.3	0.5	0.6
Total Silver Production	**0.3**	0.4	**0.7**	0.8
Total Silver Sales (million ounces)	0.3	0.4	0.7	0.8
Average Realized Silver Price per ounce[5]	$17.39	$16.23	$15.96	$16.41
TOTAL CASH COSTS[2]($ per ounce)				
New Afton	($547)	($940)	($593)	($889)
Mesquite	611	839	618	867
Peak Mines	521	1,157	620	974

Cerro San Pedro	898	879	917	944
Total Cash Costs[2]	**$334**	$410	**$343**	$449

All-IN SUSTAINING COSTS[1]($ per ounce)

New Afton	($131)	($235)	($198)	($295)
Mesquite	999	1,533	1,044	1,632
Peak Mines	706	1,549	827	1,337
Cerro San Pedro	941	889	947	955
All-in Sustaining Costs[1]	**$717**	$922	**$736**	$969

2016 SECOND QUARTER CONSOLIDATED OPERATIONAL RESULTS

New Gold's second quarter gold production increased by 15% to 99,423 ounces when compared to the prior-year quarter. The increase in quarterly gold production was attributable to New Afton, Mesquite and the Peak Mines all delivering higher production. This was only partially offset by planned lower production from Cerro San Pedro as the mine was in its final months of active mining. Quarterly copper production also increased by 9% to 25.7 million pounds when compared to the second quarter of 2015. Silver production of 0.3 million ounces remained in line with 2015.

During the second quarter, all four of New Gold's operations delivered production at all-in sustaining costs below$1,000 per ounce. As a result of this strong performance, consolidated second quarter all-in sustaining costs of $717per ounce decreased by $205 per ounce relative to the second quarter of 2015. The significant decrease in all-in sustaining costs relative to the prior-year quarter was attributable to the combination of a $76 per ounce decrease in total cash costs to $334 per ounce and a $129 per ounce, or $6 million, decrease in the company's consolidated sustaining costs. The decrease in total cash costs was driven by the combined benefit of higher gold production, the depreciation of the Canadian and Australian dollars and New Gold's business improvement initiatives more than offsetting the impact of lower by-product revenues resulting from lower realized copper prices[5].

New Afton

Gold production at New Afton during the second quarter increased to 25,287 ounces. The increase relative to the prior-year quarter was due to a 16% increase in mill throughput which more than offset a planned decrease in gold grade. Gold recoveries remained consistent at 83% despite the significant increase in throughput. New Afton's average mill throughput during the second quarter was 15,320 tonnes per day.

As a result of the continued strong throughput, New Afton's quarterly copper production increased by 11% to 22.1 million pounds when compared to the second quarter of 2015.

The $104 per ounce increase in New Afton's all-in sustaining costs to ($131) per ounce was attributable to the impact of lower by-product revenues only being partially offset by the combined benefit of higher gold production, the depreciation of the Canadian dollar relative to the U.S. dollar and a $6 million decrease in sustaining costs. New Afton's second quarter total cash costs of ($547) per ounce were impacted by a $6 million, or $406 per ounce, decrease in by-product revenues relative to the prior-year quarter as the benefit of higher copper sales volumes was more than offset by the decrease in the realized price. As a result of the depreciation of the Canadian dollar relative to the U.S. dollar,

the mine's operating costs, including mining, processing and general and administrative costs, decreased to $17.33 per tonne in the second quarter relative to $18.82 per tonne in the prior-year quarter.

New Afton's second quarter co-product cash costs were $543 per ounce of gold and $0.91 per pound of copper relative to $466 per ounce and $1.06 per pound in the prior-year quarter. The mine's second quarter co-product all-in sustaining costs were $711 per ounce of gold and $1.19 per pound of copper relative to the prior-year quarterly all-in sustaining costs of $708 per ounce and $1.61 per pound.

For the six-month period ended June 30, 2016, New Afton's gold production increased to 50,355 ounces when compared to the same period of the prior year. The increase in production was attributable to the combination of higher throughput and recovery more than offsetting a planned decrease in gold grade.

Similarly, the mine's first half copper production increased by 13%, or 5.0 million pounds, to 44.5 million pounds primarily as a result of a 15% increase in mill throughput.

For the six-month period ended June 30, 2016, New Afton's all-in sustaining costs increased by $97 per ounce to($198) per ounce despite an $8 million, or $348 per ounce, decrease in by-product revenues relative to the first half of 2015 as a result of the decrease in the realized copper price. New Afton's first half sustaining costs decreased by $8 million to $20 million when compared to the first six months of 2015.

New Afton's first half co-product cash costs were $516 per ounce of gold and $0.89 per pound of copper relative to$480 per ounce and $1.04 per pound in the prior-year period. The mine's first half co-product all-in sustaining costs of$672 per ounce of gold and $1.16 per pound of copper were below the costs in the same prior-year period of $689 per ounce and $1.49 per pound.

Mesquite

Second quarter gold production at Mesquite increased by 14% to 25,564 ounces when compared to the prior-year quarter. The increase in production was primarily attributable to a 28% increase in gold grade which was only partially offset by a 13% decrease in ore tonnes mined and placed on the leach pad.

Mesquite's second quarter all-in sustaining costs of $999 per ounce and total cash costs of $611 per ounce were both significantly below the prior-year quarter. The mine's total cash costs benefitted from the combination of higher gold production and lower diesel prices. At the same time, Mesquite's quarterly sustaining costs decreased by $3 million, or$306 per ounce, to $12 million, which contributed to the $534 per ounce total decrease in all-in sustaining costs relative to the second quarter of 2015.

For the six-month period ended June 30, 2016, Mesquite's gold production increased by 10% to 52,935 ounces relative to the prior-year period. Mesquite's first half production benefitted from increased ore tonnes mined and placed on the leach pad as well as higher gold grade.

Mesquite's first half all-in sustaining costs of $1,044 per ounce and total cash costs of $618 per ounce were both significantly below the same period of the prior year. Mesquite's first half sustaining costs decreased by $14 million, or$339 per ounce, to $24 million, which led to a $588 per ounce total decrease in all-in sustaining costs relative to the six-month period ended June 30, 2015.

Peak Mines

Second quarter gold production at the Peak Mines of 31,285 ounces was more than double that of the prior-year quarter. The significant increase in gold production was attributable to the combination of higher gold grade and recovery which was only partially offset by lower throughput. Gold production in the prior-year quarter was well below

average due to the impact of geotechnical challenges in the Peak Mines' most gold-rich ore body, Perseverance, which limited the amount of ore that was mined and processed from this area.

Quarterly copper production of 3.6 million pounds remained in line with the second quarter of 2015 as the impact of the decrease in throughput was offset by slight increases in both copper grade and recovery.

All-in sustaining costs at the Peak Mines decreased by $843 per ounce to $706 per ounce relative to the prior-year quarter. The decrease in all-in sustaining costs was a result of a $636 per ounce decrease in total cash costs to $521per ounce coupled with a $207 per ounce decrease in sustaining costs. The decrease in total cash costs was primarily attributable to the increase in production with costs also benefitting from the depreciation of the Australian dollar relative to the U.S. dollar. The decrease in costs was achieved despite by-product revenues decreasing by $4 million, or $505 per ounce, relative to the prior-year quarter primarily as a result of the decrease in the realized copper price.

For the six-month period ended June 30, 2016, gold production at the Peak Mines increased by 48% to 50,881 ounces relative to the prior-year period. The increase in gold production in the first half of 2016 was driven by an increase in gold grade and recovery for reasons consistent with those noted above for the second quarter.

First half copper production of 6.6 million pounds was slightly below that of the same period of the prior year as an 8% decrease in throughput was only partially offset by 2% increase in copper recovery while copper grade remained consistent.

All-in sustaining costs at the Peak Mines in the first half of 2016 decreased by $510 per ounce to $827 per ounce. The decrease in all-in sustaining costs was attributable to the combination of a $354 per ounce decrease in total cash costs and a $3 million, or $156 per ounce, decrease in sustaining costs. The decrease in total cash costs was driven by the increase in production as well as the depreciation of the Australian dollar relative to the U.S. dollar, which more than offset the impact of by-product revenues decreasing by $5 million, or $251 per ounce, relative the first half of 2015 primarily as a result of the decrease in the realized copper price.

Cerro San Pedro

Cerro San Pedro's second quarter gold production decreased to 17,287 ounces as planned. As the mine was in its final months of active mining, the ore tonnes mined and placed on the leach pad decreased significantly when compared to the prior-year quarter. Cerro San Pedro finished active mining in late June and has now transitioned to residual leaching.

Cerro San Pedro's second quarter silver production was 0.2 million ounces.

Cerro San Pedro's second quarter all-in sustaining costs of $941 per ounce increased slightly relative to the prior-year quarter, driven by a $19 per ounce increase in total cash costs to $898 per ounce. The increase in total cash costs was attributable to the lower gold production.

For the six-month period ended June 30, 2016, consistent with the company's expectations, gold production at Cerro San Pedro decreased to 36,063 ounces as the operation was in the final stages of active mining.

First half silver production of 0.5 million ounces remained in line with the same period of the prior year.

All-in sustaining costs at Cerro San Pedro in the first half of 2016 decreased by $8 per ounce to $947 per ounce. The decrease in all-in sustaining costs was attributable to a decrease in total cash costs resulting from a significant decrease in total tonnes moved in the first half of 2016 relative to the same period of the prior year.

"Our four operations had a very solid second quarter and first half of the year," stated David Schummer, Executive Vice President and Chief Operating Officer. "I am very proud of our operating teams. It is as a result of their efforts that we were able to reduce our cost guidance for the year."

FINANCIAL RESULTS

	Three months ended June 30		**Six months ended June 30**	
(in millions of U.S. dollars, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Revenues	$180.3	$167.7	$334.8	$336.6
Operating margin[6]	95.6	69.5	168.2	138.8
Adjusted net earnings/(loss)[4]	13.7	(1.3)	13.4	(6.4)
Adjusted net earnings/(loss) per share[4]	0.03	-	0.03	(0.01)
Net earnings/(loss)	(8.8)	9.4	18.0	(34.4)
Net earnings/(loss) per share	(0.02)	0.02	0.04	(0.07)
Cash generated from operations before changes in non-cash operating working capital[3]	82.4	62.7	144.5	130.1
Cash generated from operations	79.2	56.9	140.7	126.7

Second quarter revenues of $180 million increased by $13 million, or 8%, relative to 2015 as higher gold and copper sales volumes and a higher realized gold price more than offset a decrease in the realized copper price. Relative to the second quarter of 2015, the average realized price increased by $76 per ounce of gold, or 6%, and $1.16 per ounce of silver, or 7%, while the average realized price of copper decreased by $0.58 per pound, or 21%.

The company's second quarter operating margin[6] increased by $26 million, or 38%, relative to 2015 due the above-noted increase in revenues coupled with a $14 million decrease in the company's quarterly operating expenses. The decrease in operating expenses was attributable to the combined benefit of the depreciation of the Canadian and Australian dollars relative to the U.S. dollar, the planned slowdown of mining activity at Cerro San Pedro and the company's ongoing business improvement initiatives.

New Gold had adjusted net earnings of $14 million, or $0.03 per share, in the second quarter of 2016 relative to an adjusted net loss of $1 million, or $nil per share, in the prior-year quarter. The increase relative to the prior-year quarter was primarily attributable to the increase in operating margin noted above and an $8 million decrease in finance costs, which were only partially offset by an $11 million increase in depreciation and depletion expense and a cumulative $2 million increase in share-based payment and exploration and business development expenses. The decrease in finance costs was driven by a greater portion of the company's interest expense being capitalized against Rainy River.

The company reported a net loss of $9 million, or $0.02 per share, in the second quarter relative to net earnings of $9 million, or $0.02 per share, in the prior-year quarter. The change was primarily due to non-cash foreign exchange movements where the second quarter included a $5 million pre-tax foreign exchange loss while the prior-year quarter included a $4 million pre-tax foreign exchange gain. The second quarter of 2016 also included non-cash pre-tax losses of $10 million on the revaluation of the gold stream obligation and $8 million on the revaluation of the company's gold price options contracts, both of which did not have an impact on the prior-year quarterly earnings.

New Gold's second quarter cash generated from operations before changes in non-cash operating working capital increased by $20 million, or 31%, to $82 million. The increase relative to the second quarter of 2015 was primarily attributable to the company's strong operating performance and the higher realized gold price more than offsetting the decrease in the realized copper price. The company's cash generated from operations in the second quarter increased by $22 million, or 39%, to $79 million.

For the six-month period ended June 30, 2016, revenues of $335 million remained in line with the first half of 2015 as higher gold and copper sales volumes and a higher realized gold price offset a decrease in the realized copper price. Driven by a $31 million decrease in operating expenses, New Gold's first half operating margin increased by 21% to$168 million.

New Gold had adjusted net earnings of $13 million, or $0.03 per share, in the first half of 2016 relative to an adjusted net loss of $6 million, or $0.01 per share, in the prior-year period. The increase in earnings was attributable to the increase in operating margin and a $14 million decrease in finance costs, which were only partially offset by a $14 million increase in depreciation and depletion expense and a $4 million cumulative increase in share-based payment and exploration and business development expenses.

The company reported net earnings of $18 million, or $0.04 per share, in the first half relative to a net loss of $34 million, or $0.07 per share, in the first six months of 2015. The change was primarily due to non-cash foreign exchange movements where the first half of 2016 included a $29 million pre-tax foreign exchange gain while the prior-year period included a $32 million pre-tax foreign exchange loss. The 2016 first half foreign exchange gain was offset by non-cash pre-tax losses of $26 million on the revaluation of the gold stream obligation and $4 million on the revaluation of the company's gold price options contracts, both of which did not have an impact on the first half of the prior year.

For the six-month period ended June 30, 2016, New Gold's cash generated from operations before changes in non-cash operating working capital increased by $14 million, or 11%, to $145 million. The increase relative to the first half of 2015 was primarily attributable to the decrease in the company's operating expenses. The company's cash generated from operations in the first half of 2016 increased by $14 million, or 11%, to $141 million.

FINANCIAL UPDATE

New Gold's cash and cash equivalents as at June 30, 2016 were $220 million. The company also has a $300 million revolving credit facility, of which $121 million has been used as at June 30, 2016 to issue letters of credit, with the balance remaining undrawn. In addition, the remaining $75 million of the stream deposit is to be received from RGLD Gold AG, a wholly-owned subsidiary of Royal Gold Inc., when 60% of the estimated Rainy River project development capital has been spent and other customary conditions have been satisfied, which is expected to be late in the third quarter or early in the fourth quarter of 2016.

During the first quarter, New Gold announced that it had entered into gold price option contracts. New Gold purchased put options with a strike price of $1,200 per ounce covering 270,000 ounces of gold and simultaneously sold call options with a strike price of $1,400 per ounce covering an equivalent 270,000 ounces. The contracts cover 30,000 ounces of gold per month for the nine-month period from April through December 2016. As the gold price traded between $1,200 and $1,400 per ounce during the second quarter, the first three 30,000 per month contracts expired unexercised. As at the beginning of the third quarter, there were 180,000 ounces covered by the contracts for the balance of 2016.

At June 30, 2016, the face value of the company's long-term debt was $800 million (book value – $789 million). The components of the debt include: $300 million of 7.00% face value senior unsecured notes due in April 2020 and $500 million of 6.25% face value senior unsecured notes due in November 2022. The company currently has approximately 513 million shares outstanding.

PROJECTS UPDATE

RAINY RIVER

Development activity at New Gold's Rainy River project, located in north-western Ontario, continued to advance during the second quarter. The focus of the 2016 development activities is the construction of the processing facilities and supporting infrastructure as well as the initial stripping of the open pit.

RAINY RIVER – 2016 SECOND QUARTER PROJECT UPDATES

- Overall construction progress is currently over 40% complete
- Plant site earthworks substantially complete
- Concrete placement over 75% complete
- Power line construction substantially complete
- Installation of mechanical, piping, electrical and instrumentation underway in grinding building and primary crusher
- First ball mill shell segment placed in grinding building
- Pre-leach thickener tank 90% complete
- Leach tanks over 30% complete
- Received approval to being pumping an initial amount of water from Pinewood river to water management facility for storage
- Approvals to commence remediation work on water management facilities expected in the coming weeks
- Final submission of redesigns to tailings management facility planned for mid-August
- 225 people currently on full-time operations team with over 70% from local communities, including over 30% from Indigenous communities
- Material moved for mine development on target
- No Lost Time Incidents since New Gold acquired the project in 2013

Construction of the process facilities and the pre-production mining activities are advancing well. During the second quarter, the installation of the mechanical, piping, electrical and instrumentation equipment started both in the grinding building and the primary crusher and the first ball mill shell was installed. The mine operations team moved approximately 5.0 million tonnes of waste and overburden during the quarter, bringing the total material moved to date to over 7.0 million tonnes. The team continues to increase the mining rate and is now moving an average of approximately 68,000 tonnes per day.

As previously disclosed, during the course of the construction of the water management facility earlier in 2016, New Gold identified areas where the strength of the foundation is less than was estimated for the original designs. As a result, during the second quarter, the company submitted revised construction designs for regulatory review. Based on recent communications, New Gold anticipates receipt of the requisite permit amendments to begin the remediation work on the water management facility in the coming weeks. Consistent with New Gold's previous disclosure, the company's remediation plan includes the addition of rock toe buttresses at the base of the water management beams. Subsequent to the end of the second quarter, the company received approval to begin pumping an initial amount of water from the Pinewood River to the water management facility for storage.

The company is also finalizing its review of the tailings management facility design, parts of which are similarly impacted by the foundation conditions, and plans to submit its proposed redesigns for regulatory review by mid-August. New Gold's proposed redesign incorporates flatter slope angles and wick drains in some areas. Construction on both the water management and tailings facilities will recommence immediately after receiving the respective approvals.

With construction of the processing facilities and other components of the project on schedule, and the process of amending the water and tailings management facilities advancing as planned, the company continues to target first production at Rainy River in mid-2017. In support of this schedule, New Gold continues to work with Environment and Climate Change Canada towards obtaining a Schedule 2 Amendment, required to deposit mine waste in certain creeks, which is targeted to be received in mid-2017. However, the Schedule 2 Amendment is not required to maintain the planned mid-2017 start-up, as the company has also evaluated the potential to construct a smaller starter dam within the broader tailings management facility. The contemplated smaller facility would have capacity for approximately six months of mine waste and would not require a Schedule 2 Amendment.

Project capital expenditures at Rainy River during the second quarter totalled $107 million, bringing the total project development capital spending through June 30, 2016 to $501 million. Based on the development capital spent to date, and assuming a C$1.30/US$ exchange rate on capital expenditures going forward, the total Rainy River capital cost is expected to be approximately $940 million. The total capital cost estimate includes the previously announced $35 million of additional capital required to adjust the design of the water and tailings management facilities.

Overall, the Rainy River project enhances New Gold's growth pipeline through its manageable capital costs, significant production scale at below current industry average costs and exciting longer-term exploration potential in a great mining jurisdiction. Rainy River is expected to generate significant gold production growth for New Gold at costs below the company's 2016 guidance for all-in sustaining costs. Relative to the company's consolidated 2016 gold production guidance of 360,000 to 400,000 ounces, Rainy River alone is expected to produce an average of 325,000 ounces of gold annually, which will more than offset the decrease in production and cash flow arising from the transition of Cerro San Pedro to residual leaching. The company looks forward to advancing the Rainy River project and providing further updates on its development.

BLACKWATER

The company's Blackwater project, located in south-central British Columbia, is expected to produce an average of 485,000 ounces of gold per year at below industry average costs. The current focus at Blackwater is attaining the approval of the Environmental Assessment ("EA"). The coordinated Federal and Provincial EA technical review is in progress and New Gold is in the process of responding to the comments received from the Federal government, Provincial agencies and local Indigenous communities. The company continues to anticipate approval of the Blackwater Provincial EA by early 2017.

Capital expenditures at Blackwater during the second quarter and first half of 2016 were $3 million and $4 million, respectively.

EL MORRO PROPERTY – 4% GOLD STREAM

As part of New Gold's 2015 sale of its 30% interest in the El Morro property to Goldcorp Inc. ("Goldcorp"), the company retained a 4% stream on future gold production from El Morro. The El Morro property forms part of Goldcorp and Teck Resources Limited's NuevaUnión project (formerly Project Corridor). A pre-feasibility study is expected to commence for NuevaUnión in the fourth quarter of 2016 and is expected to be completed in mid-2017. Environmental Impact Assessment baseline studies are expected to commence in the second half of 2016.

As at the end of 2015, 4% of the El Morro mineral reserves represented 357,000 ounces of gold. For a detailed breakdown of mineral reserves by category, as well as key assumptions, parameters and risks, refer to New Gold's Annual Information Form for the year ended December 31, 2015 filed on www.sedar.com.

WEBCAST AND CONFERENCE CALL

A webcast and conference call to discuss these results will be held on Thursday, July 28, 2016 beginning at 9:30 a.m. Eastern time. Participants may participate via webcast by registering on our website at www.newgold.com. You may also listen to the conference call by calling toll free 1-888-231-8191, or 1-647-427-7450 outside of the U.S. and Canada. A recorded playback of the conference call will be available until August 28, 2016 by calling toll free 1-855-859-2056, or 1-416-849-0833 outside of the U.S. and Canada, postcode 45491569. An archived webcast will also be available until October 28, 2016 at www.newgold.com.

ABOUT NEW GOLD INC.

New Gold is an intermediate gold mining company. The company has a 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, provide the company with its current production base. In addition, New Gold owns 100% of the Rainy River and Blackwater projects, both in Canada, as well as a 4% gold stream on the El Morro project located in Chile. New Gold's objective is to be the leading intermediate gold producer, focused on the environment and social responsibility. For further information on the company, please visit www.newgold.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this news release, including any information relating to New Gold's future financial or operating performance are "forward looking". All statements in this news release, other than statements of historical fact, which address events, results, outcomes or developments that New Gold expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking statements in this news release include, among others, statements with respect to: guidance for production, total cash costs and all-in sustaining costs, and the factors contributing to those expected results, as well as expected capital and other expenditures; planned activities for 2016 and beyond at the Company's projects; the expected production, costs, economics and operating parameters of the Rainy River project; targeting timing for development and other activities related to the Rainy River project; and statements with respect to the payment of the remaining $75 million from Royal Gold.

All forward-looking statements in this news release are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond New Gold's ability to control or predict. Certain material assumptions regarding such forward-looking statements are discussed in this news release, New Gold's annual and quarterly management's discussion and analysis ("MD&A"), its Annual Information Form and its Technical Reports filed at www.sedar.com. In addition to, and subject to, such assumptions discussed in more detail elsewhere, the forward-looking statements in this news release are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations; (2) political and legal developments in jurisdictions where New Gold operates, or may in the future operate, being consistent with New Gold's current expectations; (3) the accuracy of New Gold's current mineral reserve and mineral resource estimates; (4) the exchange rate between the Canadian dollar, Australian dollar, Mexican peso and U.S. dollar being approximately consistent with current levels; (5) prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (6) equipment, labour and materials costs increasing on a basis consistent with New Gold's current expectations; (7) arrangements with Indigenous groups in respect of the Rainy River and Blackwater projects being consistent with New Gold's current expectations; (8) all required permits, licenses and authorizations being obtained from the relevant governments and other relevant stakeholders within the expected timelines; (9) the results of the feasibility study for the Rainy River project being realized; (10) in the case of all-in

sustaining cost outlooks at the Rainy River project, the assumed exchange rate being C$1.25/US$; and (11) conditions to the payment of the remaining $75 million from Royal Gold being satisfied later in 2016.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, without limitation: significant capital requirements and the availability and management of capital resources; additional funding requirements; price volatility in the spot and forward markets for metals and other commodities; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States, Australia and Mexico; discrepancies between actual and estimated production, between actual and estimated mineral reserves and mineral resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Canada, the United States, Australia and Mexico or any other country in which New Gold currently or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which New Gold does or may carry on business; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements of each jurisdiction in which New Gold operates, including, but not limited to: in Canada, obtaining the necessary permits for the Rainy River, New Afton C-zone and Blackwater projects; and in Mexico, where Cerro San Pedro has a history of ongoing legal challenges related to our environmental authorization; the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law; the uncertainties inherent to current and future legal challenges New Gold is or may become a party to; diminishing quantities or grades of reserves and resources; competition; loss of key employees; rising costs of labour, supplies, fuel and equipment; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the feasibility studies for the Rainy River, New Afton C-zone and Blackwater projects; the uncertainty with respect to prevailing market conditions necessary for a positive development decision at Blackwater; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; unexpected delays and costs inherent to consulting and accommodating rights of Indigenous groups; risks, uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements, including those associated with the environmental assessment process for Blackwater. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in New Gold's disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. New Gold expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

TECHNICAL INFORMATION

The scientific and technical information in this news release has been reviewed and approved by Mark A. Petersen, Vice President, Exploration of New Gold. Mr. Petersen is a SME Registered Member, AIPG Certified Professional Geologist and a "Qualified Person" as defined under National Instrument 43-101.

For additional technical information on New Gold's material properties, including a detailed breakdown of Mineral Reserves and Mineral Resources by category, as well as key assumptions, parameters and risks, refer to New Gold's Annual Information Form for the year ended December 31, 2015 filed on www.sedar.com.

NON-GAAP MEASURES

(1) ALL-IN SUSTAINING COSTS AND SUSTAINING COSTS

"All-in sustaining costs" per ounce is a non-GAAP financial measure. Consistent with guidance announced in 2013 by the World Gold Council, an association of various gold mining companies from around the world of which New Gold is a member, New Gold defines "all-in sustaining costs" per ounce as the sum of total cash costs, capital expenditures that are sustaining in nature, corporate general and administrative costs, capitalized and expensed exploration that is sustaining in nature and environmental reclamation costs, all divided by the ounces of gold sold to arrive at a per ounce figure. New Gold believes this non-GAAP financial measure provides further transparency into costs associated with producing gold and assists analysts, investors and other stakeholders of the company in assessing the company's operating performance, its ability to generate free cash flow from current operations and its overall value. This data is furnished to provide additional information and is a non-GAAP financial measure. All-in sustaining costs presented do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS. Further details regarding historical all-in sustaining costs and a reconciliation to the nearest IFRS measures are provided below and in the MD&A accompanying New Gold's financial statements filed from time to time on www.sedar.com.

"Sustaining costs" is a non-GAAP financial measure. New Gold defines sustaining costs as the difference between all-in sustaining costs and total cash costs, being the sum of capital expenditures that are sustaining in nature, corporate general and administrative costs, capitalized and expensed exploration that is sustaining in nature, and environmental reclamation costs. Management uses sustaining costs to understand the aggregate net result of the drivers of all-in sustaining costs other than total cash costs. The line items between cash costs and all in sustaining costs in the tables below break down the components of sustaining costs. Sustaining costs is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

(2) TOTAL CASH COSTS

"Total cash costs" per ounce is a non-GAAP financial measure which is calculated in accordance with a standard developed by The Gold Institute, a worldwide association of suppliers of gold and gold products that ceased operations in 2002. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. New Gold reports total cash costs on a sales basis. The company believes that certain investors use this information to evaluate the company's performance and ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. This measure, along with sales, is considered to be a key indicator of the company's ability to generate operating earnings and cash flow from its mining operations. Total cash costs include mine site operating costs such as mining, processing and administration costs, royalties, production taxes, and realized gains and losses on fuel contracts, but are exclusive of amortization, reclamation, capital and exploration costs and net of by-product sales. Total cash costs are then divided by ounces of gold sold to arrive at a per ounce figure. Co-product cash costs remove the impact of other metal sales that are produced as a by-product of gold production and apportion the cash costs to each metal produced on a percentage of revenue basis, and subsequently divides the amount by the total ounces of gold or silver or pounds of copper sold, as the case may be, to arrive at per ounce or per pound figures. Unless otherwise indicated, all total cash cost information in this news release is net of by-product sales. This data is furnished to provide additional information and is a non-GAAP financial measure. Total cash costs and co-product cash costs presented do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under GAAP. Further details regarding historical total cash costs

and a reconciliation to the nearest IFRS measures are provided below and in the MD&A accompanying New Gold's financial statements filed from time to time on www.sedar.com.

TOTAL CASH COSTS AND ALL-IN SUSTAINING COSTS RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars, unless otherwise noted)	**2016**	**2015**	**2016**	**2015**
Operating expenses	**$84.7**	$98.2	**$166.6**	$197.8
Treatment and refining charges on concentrate sales	**3.8**	8.5	**7.3**	15.9
Adjustments	**0.6**	1.0	**(0.2)**	1.7
Total cash costs before by-product revenue	**89.1**	107.7	**173.7**	215.4
By-product copper and silver sales	**(55.1)**	(71.7)	**(109.3)**	(134.5)
Total cash costs net of by-product revenue	**34.0**	36.0	**64.4**	80.9
Gold ounces sold	**101,820**	87,754	**187,851**	180,152
Total cash costs per gold ounce sold ($/ounce)	**$334**	$410	**$343**	$449
Total cash costs per gold ounce sold on a co-product basis ($/ounce)	**$609**	$704	**$625**	$717
Total cash costs net of by-product revenue	**34.0**	36.0	**64.4**	80.9
Sustaining capital expenditure	**27.1**	35.7	**49.5**	75.0
Sustaining exploration - expensed	**1.8**	1.2	**4.2**	1.6
Corporate G&A including share-based compensation	**8.7**	7.1	**17.4**	15.1
Reclamation expenses	**1.3**	0.9	**2.4**	2.0
Total all-in sustaining costs	**72.9**	80.9	**137.9**	174.6
All-in sustaining costs per gold ounce sold ($/ounce)	**$717**	$922	**$736**	$969
All-in sustaining costs per gold ounce sold on a co-product basis ($/ounce)	**$871**			

(3) CASH GENERATED FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL

"Cash generated from operations before changes in working capital" is a non-GAAP financial measures with no standard meaning under IFRS, which exclude changes in non-cash operating working capital. Management uses this measure to evaluate the Company's ability to generate cash from its operations before temporary working capital changes.

CASH GENERATED FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars)	**2016**	**2015**	**2016**	**2015**
Cash generated from operations	**$79.2**	$56.9	**$140.7**	$126.7
Add back (deduct): Change in non-cash operating working capital	**3.2**	5.8	**3.8**	3.4
Cash generated from operations before changes in non-cash working capital	**82.4**	62.7	**144.5**	130.1

(4) ADJUSTED NET (LOSS)/EARNINGS

"Adjusted net (loss)/earnings" and "adjusted net (loss)/earnings per share" are non-GAAP financial measures. Net (loss)/earnings have been adjusted and tax affected for the group of costs in "Other gains and losses" on the condensed consolidated income statement. The adjusted entries are also impacted for tax to the extent that the underlying entries are impacted for tax in the unadjusted net (loss)/earnings from continuing operations. The company uses this measure for its own internal purposes. Management's internal budgets and forecasts and public guidance do not reflect fair value changes on senior notes and non-hedged derivatives, foreign currency translation and fair value through profit or loss and financial asset gains/losses.

Consequently, the presentation of adjusted net earnings and adjusted net earnings per share enables investors and analysts to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings and adjusted net earnings per share based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies. Adjusted net (loss)/earnings and adjusted net (loss)/earnings per share are intended to provide additional information only and do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flows from operations as determined under IFRS.

ADJUSTED NET EARNINGS RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars, except per share amounts)	**2016**	**2015**	**2016**	**2015**

Net (loss) earnings before taxes	**($3.0)**	$10.3	**$18.2**	($26.7)
Other losses (gains)	**22.7**	(10.5)	**1.0**	20.9
Inventory write-down	**(0.7)**	(0.6)	**-**	(0.8)
Adjusted net earnings (loss) before tax	**19.0**	(0.8)	**19.2**	(6.6)
Income tax expense	**(5.8)**	(0.9)	**(0.2)**	(7.7)
Income tax adjustments	**0.5**	0.4	**(5.6)**	7.9
Adjusted income tax (expense) recovery	**(5.3)**	(0.5)	**(5.8)**	0.2
Adjusted net earnings (loss)	**13.7**	(1.3)	**13.4**	(6.4)
Adjusted earnings (loss) per share (basic)	**0.03**	-	**0.03**	(0.01)
Adjusted effective tax rate	**28%**	68%	**30%**	(2%)

(5) AVERAGE REALIZED PRICE

"Average realized price per ounce or pound sold" is a non-GAAP financial measure with no standard meaning under IFRS. Management uses this measure to better understand the price realized in each reporting period for gold, silver, and copper sales. Average realized price is intended to provide additional information only and does not have any standardized definition under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies.

(6) OPERATING MARGIN

"Operating margin" is a non-GAAP financial measure with no standard meaning under IFRS, which management uses to evaluate the Company's aggregated and mine-by-mine contribution to net earnings before non-cash depreciation and depletion charges.

OPERATING MARGIN RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars)	**2016**	**2015**	**2016**	**2015**
Revenues	**$180.3**	$167.7	**$334.8**	$336.6
Less: Operating expenses	**(84.7)**	(98.2)	**(166.6)**	(197.8)
Operating margin	**95.6**	69.5	**168.2**	138.8

CONDENSED CONSOLIDATED INCOME STATEMENTS (unaudited)

	Three months ended June		Six months ended June	
(in millions of U.S. dollars, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Revenues	**180.3**	167.7	**334.8**	336.6
Operating expenses	**84.7**	98.2	**166.6**	197.8
Depreciation and depletion	**62.3**	50.9	**119.9**	106.0
Earnings from mine operations	**33.3**	18.6	**48.3**	32.8
Corporate administration	**5.9**	5.5	**11.6**	11.5
Share-based payment expenses	**2.8**	1.9	**5.8**	4.0
Exploration and business development	**2.0**	1.2	**4.5**	2.3
Earnings from operations	**22.6**	10.0	**26.4**	15.0
Finance income	**0.2**	0.4	**0.5**	0.6
Finance costs	**(3.1)**	(10.6)	**(7.7)**	(21.4)
Other (losses) gains	**(22.7)**	10.5	**(1.0)**	(20.9)
(Loss) earning before taxes	**(3.0)**	10.3	**18.2**	(26.7)
Income tax expense	**(5.8)**	(0.9)	**(0.2)**	(7.7)
Net (loss) earnings	**(8.8)**	9.4	**18.0**	(34.4)
(Loss) earnings per share				
Basic	**(0.02)**	0.02	**0.04**	(0.07)
Diluted	**(0.02)**	0.02	**0.04**	(0.07)

Weighted average number of shares outstanding (in millions)				
Basic	**511.2**	509.1	**510.4**	508.8
Diluted	**511.2**	509.8	**511.6**	508.8

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

	As at June 30	As at December 31
(in millions of U.S. dollars)	**2016**	**2015**
ASSETS		
Current assets		
Cash and cash equivalents	**219.5**	335.5
Trade and other receivables	**106.0**	109.0
Inventories	**141.0**	145.9
Current income tax receivable	**13.7**	19.2
Prepaid expenses and other	**5.4**	5.0
Total current assets	**485.6**	614.6
Non-current inventories	**140.3**	115.4
Mining interests	**2,966.5**	2,803.2
Deferred tax assets	**177.7**	138.9
Other	**3.6**	3.4
Total assets	**3,773.7**	3,675.5
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	**160.0**	141.1
Current income tax payable	**3.6**	6.2
Total current liabilities	**163.6**	147.3

Reclamation and closure cost obligations	**72.4**	67.5
Gold stream obligation	**13.6**	9.2
Provisions	**207.3**	147.6
Derivative liabilities	**2.1**	2.1
Long-term debt	**788.5**	787.6
Deferred tax liabilities	**410.0**	414.4
Other	**0.2**	0.2
Total liabilities	**1,657.7**	1,575.9
Equity		
Common shares	**2,854.2**	2,841.0
Contributed surplus	**100.8**	102.3
Other reserves	**(10.7)**	2.6
Deficit	**(828.3)**	(846.3)
Total equity	**2,116.0**	2,099.6
Total liabilities and equity	**3,773.7**	3,675.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)

	Three months ended June		Six months ended June	
(in millions of U.S. dollars)	**2016**	**2015**	**2016**	**2015**
OPERATING ACTIVITIES				
Net (loss) earnings	**(8.8)**	9.4	**18.0**	(34.4)
Adjustments for:				
Foreign exchange losses (gains)	**4.9**	(4.2)	**(29.0)**	31.8
Reclamation and closure costs paid	**-**	(0.1)	**(0.9)**	(0.2)

Depreciation and depletion	**62.6**	50.7	**120.2**	105.8
Other non-cash adjustments	**6.0**	(0.6)	**4.8**	(5.2)
Income tax expense	**5.8**	0.9	**0.2**	7.7
Finance income	**(0.2)**	(0.4)	**(0.5)**	(0.6)
Finance costs	**3.1**	10.6	**7.7**	21.4
Unrealized loss on gold stream liability	**10.4**	-	**25.5**	-
	83.8	66.3	**146.0**	126.3
Change in non-cash operating working capital	**(3.2)**	(5.8)	**(3.8)**	(3.4)
Income taxes (paid) refunded	**(1.4)**	(3.6)	**(1.5)**	3.8
Cash generated from operations	**79.2**	56.9	**140.7**	126.7
INVESTING ACTIVITIES				
Mining interests	**(138.2)**	(73.9)	**(245.6)**	(143.1)
Government grant received	**-**	-	**-**	0.8
Proceeds from the sale of assets	**-**	-	**(2.1)**	-
Gold price option contract investment costs	**0.6**	0.6	**1.1**	0.6
Interest received	**0.2**	0.4	**0.5**	-
Cash used by investing activities	**(137.4)**	(72.9)	**(246.1)**	(141.7)
FINANCING ACTIVITY				
Proceeds received from exercise of options and warrants	**6.4**	-	**7.2**	0.1
Financing initiation costs	**-**	-	**(0.3)**	-
Interest paid	**(26.7)**	(26.1)	**(27.5)**	(26.1)
Cash used by financing activities	**(20.3)**	(26.1)	**(20.6)**	(26.0)
Effect of exchange rate changes on cash and cash equivalents	**(0.3)**	3.1	**10.0**	(2.7)
Change in cash and cash equivalents	**(78.8)**	(39.0)	**(116.0)**	(43.7)
Cash and cash equivalents, beginning of period	**298.3**	365.8	**335.5**	370.5

Cash and cash equivalents, end of period	**219.5**	326.8	**219.5**	326.8
Cash and cash equivalents are comprised of:				
Cash	**154.2**	232.8	**154.2**	232.8
Short-term money market instruments	**65.3**	94.0	**65.3**	94.0
	219.5	326.8	**219.5**	326.8

SOURCE New Gold Inc.

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http://www.newgold.com/investors/NewGoldNews/PressReleaseDetail/2016/New-Gold-Delivers-Higher-2016-Second-Quarter-Cash-Flow-and-Significantly-Lowers-Full-Year-Cost-Guidance/default.aspx

Fresnillo - Production Report for the three months ended 30 June 2016 – 20/7/2016

Overview

- Quarterly silver production of 13.0 moz (including Silverstream), up 14.5% vs. 2Q15 and up 6.3% vs. 1Q16, and first half silver production of 25.2 moz (including Silverstream), up 6.1% vs. 1H15, mainly due to increased ore processed at Saucito and higher ore grades at Ciénega

- Quarterly gold production of 218 koz, up 19.6% vs. 2Q15, and first half gold production of 448 koz, up 23.0% vs. 1H15, due to a higher speed of recovery and higher ore volumes processed at Herradura, and a higher speed of recovery at Noche Buena

- Quarterly gold production down 5.3% vs. 1Q16 due to a temporary reduction in the flow of rich solution processed whilst maintenance work was carried out at the Herradura storage pond

- Construction of the leaching plant (stage 1) at San Julián completed on time and on budget. However, as previously announced, a technical problem with the mill means regular production expected to resume by first week of August

- Full year gold guidance raised to 850-870 koz from 775-790 koz; full year silver production remains on track (49-51 moz, including Silverstream)

Octavio Alvídrez, Chief Executive Officer, said:

"I am pleased to report solid second quarter production, with 13 million ounces of silver and 218 thousand ounces of gold produced from across our mines and the Silverstream contract.

We continue to progress the turnaround at our Fresnillo mine, consolidating the improvements already made. I am confident that we remain on track to return Fresnillo to a more satisfactory operating level, and expect full year silver production at this mine to show an increase of around 6% compared to 2015.

Construction of the leaching plant at our San Julián mine was completed on time and on budget at the end of the second quarter. As we previously announced, we expect to resume regular production by the first week of August, post

a minor issue with the lubrication system at the mill. Our full year silver production guidance remains unchanged, as higher than expected volumes produced at Saucito will compensate for the shortfall in production at San Julián.

Looking ahead, we are today raising our gold production guidance for the full year to 850-870 thousand ounces, and remain on track to meet our silver production guidance of 49-51 million ounces."

Total Production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Silver (koz)	11,777	10,322	14.1	11,047	22,824	21,630	5.5
Silverstream (koz)	1,217	1,025	18.7	1,172	2,388	2,141	11.5
Total Silver (koz)	12,994	11,347	14.5	12,218	25,212	23,771	6.1
Gold (oz)	217,645	181,985	19.6	229,925	447,569	364,020	23.0
Lead (t)	11,585	9,812	18.1	11,082	22,668	19,259	17.7
Zinc (t)	12,529	10,330	21.3	12,851	25,380	20,438	24.2

Quarterly silver production (including Silverstream) increased 14.5% vs. 2Q15 as a result of: i) higher ore throughput at Saucito due to the ramp-up of Saucito II and the plant optimisation; ii) higher ore grade at Saucito given that most production in the quarter came from the Jarillas vein, which has higher grades and lower dilution; iii) higher ore grade at Fresnillo as a result of regained access to higher ore grade areas of San Carlos and San Alberto; and iv) higher silver ore grade at Ciénega due to richer ore bodies at the Rosario and Las Casas areas. Higher ore grades at Sabinas (Silverstream) also contributed to the increase in silver production.

Similarly, quarterly silver production (including Silverstream) increased 6.3% vs. 1Q16 due to higher ore grades at Saucito and Ciénega.

First half silver production (including Silverstream) increased 6.1% vs. 1H15, mainly as a result of: i) the higher ore grades at Fresnillo as a result of regained access to the higher ore grade areas of San Carlos and San Alberto; ii) higher silver ore grades at the Rosario and Las Casas areas of Ciénega; and iii) increased ore throughput at Saucito.

Quarterly and first half gold production increased 19.6% and 23.0% respectively vs. the comparable periods of 2015. This was due to higher volumes of ore processed and higher speeds of recovery at Herradura, as well as higher speeds of recovery at Noche Buena. These factors were partially offset by the lower ore grade at Ciénega due to the depletion of some high grade stopes, lower gold ore grades at the Rosario and Las Casas areas and increased dilution due to the narrowing of some veins.

However, quarterly gold production decreased 5.3% when compared to the previous quarter due to a temporary reduction in the flow of rich solution processed whilst maintenance work was carried out at the Herradura storage pond, and the lower ore grade at Noche Buena.

Quarterly and first half by-product lead production increased 18.1% and 17.7% vs. the comparator periods of 2015 mainly as a result of higher ore grades at Fresnillo and Ciénega and increased ore throughput at Saucito. Quarterly by-product lead production increased 4.5% vs. 1Q16 due to higher recovery rates at Saucito and higher ore grades at Fresnillo and Ciénega.
Quarterly by-product zinc production increased 21.3% vs. 2Q15 as a result of higher ore grades at Fresnillo and Ciénega and increased ore throughput at Saucito. Similarly, first half by-product zinc production increased 24.2% vs. 1H15 as a result of higher ore grades at Fresnillo and Ciénega and increased volumes processed and recovery rates at Saucito.

Quarterly by-product zinc production decreased slightly (2.5%) vs. 1Q16 due to a lower recovery rate and ore grade at Saucito which was partly offset by higher ore grades at Fresnillo and Ciénega.

Fresnillo mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed(t)	574,489	596,945	-3.8	615,148	1,189,637	1,206,441	-1.4
Production							
Silver (koz)	3,997	3,652	9.4	4,288	8,285	7,831	5.8
Gold (oz)	10,349	7,549	37.1	10,282	20,631	15,092	36.7
Lead (t)	4,839	3,796	27.5	4,704	9,543	7,005	36.2
Zinc (t)	5,813	4,334	34.1	5,139	10,952	8,206	33.5
Ore Grades							
Silver (g/t)	232	208	11.2	236	234	220	6.6
Gold (g/t)	0.72	0.52	39.1	0.68	0.70	0.50	39.0
Lead (%)	0.94	0.71	32.5	0.85	0.89	0.65	37.4
Zinc (%)	1.48	1.10	34.3	1.25	1.36	1.04	31.0

Quarterly and first half silver production increased 9.4% and 5.8% respectively over the comparable periods of 2015 as a result of higher ore grades (up 11.2% and 6.6% respectively) due to the regained access to higher grade veins at the San Carlos and San Alberto areas, and slightly higher recovery rates. These factors more than offset the lower ore processed due to a reduction in the availability of mining equipment caused by maintenance delays during the quarter, and preparation of additional production stop's. Steps have been taken to solve these problems, and the Company expects to be back to higher production rates by the end of July.

Quarterly silver production decreased 6.8% vs. 1Q16 as lower volumes of ore were processed following increased equipment maintenance during the quarter, and, to a lesser extent, a lower silver ore grade.

The turnaround plan at Fresnillo continues to progress and the medium term trend remains positive, despite the expected short term fluctuations as we consolidate the improvements already made. We expect full year silver production at this mine to show an increase of around 6% compared to 2015.

Quarterly and first half by-product gold production increased 37.1% and 36.7% respectively vs. the same periods of 2015 as a result of higher gold ore grades.

Quarterly and first half by-product lead production increased vs. the comparable periods of 2015 as a result of higher ore grades which offset the effect of lower ore volumes processed.

Quarterly and first half by-product zinc production increased vs. the same periods of 2015 and for 2Q16 vs. 1Q16 due to higher ore grades and recovery rates, which offset the lower volumes of ore processed.

Saucito mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed(t)	645,340	594,766	8.5	638,452	1,283,792	1,158,786	10.8

Production							
Silver (koz)	6,270	5,442	15.2	5,436	11,706	11,389	2.8
Gold (oz)	20,186	24,542	-17.7	21,636	41,823	44,673	-6.4
Lead (t)	5,164	4,816	7.2	4,835	9,999	9,638	3.8
Zinc (t)	4,718	4,591	2.8	6,077	10,795	9,432	14.4
Ore Grades							
Silver (g/t)	339	320	5.8	297	318	341	-6.8
Gold (g/t)	1.36	1.62	-15.6	1.33	1.35	1.50	-10.3
Lead (%)	0.89	0.94	-5.3	0.88	0.89	0.96	-7.7
Zinc (%)	1.33	1.49	-10.6	1.51	1.42	1.55	-8.3

Quarterly silver production increased 15.2% vs. 2Q15 as a result of increased ore processed following the ramp up of Saucito II which started operations in December 2014, increased ore throughput from the West and Central Jarillas areas, and the capacity increase achieved with the installation of vibrating screens in the Saucito II plant in 1Q16. A higher ore grade also contributed, given that most production in the quarter came from the Jarillas vein, which has shown higher than expected grades with lower dilution.

First half silver production increased slightly (2.8%) vs. 1H15 due to higher ore throughput as a result of the above factors combined with the installation of the vibrating screens at Saucito I in 1Q15. These factors more than compensated for the expected lower ore grade due to the unusually high ore grades at the Jarillas vein in 1Q15.

Quarterly silver production increased 15.4% vs. 1Q16 as a result of increased production from the Jarillas vein which has shown higher ore grades with lower dilution.

Quarterly and first half by-product gold production decreased 17.7% and 6.4% vs. the same periods of 2015 as a result of lower ore grades and recovery rates, partly offset by increased ore processed.

Quarterly by-product gold production decreased 6.7% vs. 1Q16 due to lower recovery rates.

Quarterly and first half by-product lead production increased vs. the comparable periods of 2015 and for 2Q16 vs. 1Q16 as a result of increased ore processed and higher recovery rates.

First half by-product zinc production increased vs. 1H15 mainly as a result of a higher recovery rate and increased ore processed. However, quarterly by-product zinc production decreased vs. 1Q16 due to a lower recovery rate and ore grade.

Ciénega mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	318,330	320,699	-0.7	323,719	642,049	653,583	-1.8
Production							
Gold (oz)	19,651	21,565	-8.9	17,245	36,896	45,745	-19.3
Silver (koz)	1,344	1,092	23.1	1,169	2,513	2,148	16.9
Lead (t)	1,582	1,199	31.9	1,543	3,125	2,616	19.5
Zinc (t)	1,998	1,404	42.3	1,635	3,633	2,800	29.7

Ore Grades							
Gold (g/t)	1.99	2.16	-8.2	1.72	1.85	2.25	-17.8
Silver (g/t)	149	121	23.0	128	139	117	18.4
Lead (%)	0.72	0.56	29.8	0.67	0.70	0.59	18.0
Zinc (%)	1.08	0.77	39.9	0.91	0.99	0.75	32.1

Quarterly and first half gold production decreased 8.9% and 19.3% vs. the comparable periods of 2015 as a result of: i) lower ore grades resulting from the depletion of higher gold ore grade veins at Ciénega and lower grades at the Rosario and Las Casas areas; ii) increased dilution resulting from the narrower veins at the East and West areas; and iii) lower volume of ore processed due to the extraction of harder mineral from the Rosario, Las Casas and Carmen areas.

Quarterly gold production increased 13.9% vs. 1Q16 as a result of increased development in high ore grade areas. Quarterly and first half silver production increased 23.1% and 16.9% vs. the comparable periods of 2015 as a result of the high silver grade development ore from the Rosario and Las Casas areas.

Similarly, quarterly silver production increased 15.0% vs. 1Q16 due to the higher ore grade.

Quarterly and first half by-product lead production increased vs. the comparable periods of 2015 as a result of higher ore grades and to a lesser extent, higher recovery rates.

Quarterly and first half by-product zinc production increased vs. the comparator periods of 2015 due to higher ore grades. Similarly, quarterly by-product zinc production increased vs. 1Q16 due to higher ore grades and higher recovery rates.

Herradura total mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	6,313,303	5,043,352	25.2	6,311,256	12,624,559	10,937,571	15.4
Total Volume Hauled (t)	30,965,379	28,461,326	8.8	29,798,559	60,763,938	57,661,169	5.4
Production							
Gold (oz)	119,445	89,691	33.2	129,114	248,558	188,050	32.2
Silver (koz)	161	118	36.1	143	304	219	38.8
Ore Grades							
Gold (g/t)	0.70	0.71	-1.9	0.68	0.69	0.74	-6.9
Silver (g/t)	1.22	1.29	-5.9	1.01	1.11	1.26	-11.9

Quarterly and first half gold production increased 33.2% and 32.2% respectively vs. the same periods of 2015 due to higher overall speeds of recovery and increased ore processed following the commissioning of the second Merrill Crowe plant in 4Q15. The latter allowed the elimination of the bottleneck in processing volumes of rich solution coming from the leaching pads and the DLP, and enabled us to further reduce inventories at the pads to 120koz.

These factors more than compensated for the expected lower ore grades as material is deposited from higher banks in line with the mine plan and to control haulage costs.

Quarterly gold production decreased 7.5% vs. 1Q16 due to a temporary reduction in the flow of rich solution to the Merrill Crowe plant as maintenance was carried out at the storage pond, which has now been concluded.

Noche Buena total mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	4,349,088	4,476,291	-2.8	4,237,134	8,586,222	8,690,540	-1.2
Total Volume Hauled (t)	20,186,274	20,788,574	-2.9	20,106,143	40,292,417	42,281,912	-4.7
Production							
Gold (oz)	48,014	38,638	24.3	51,647	99,661	70,460	41.4
Silver (koz)	4	19	-76.5	11	16	43	-63.4
Ore Grades							
Gold (g/t)	0.48	0.47	2.0	0.51	0.49	0.48	2.2
Silver (g/t)	0.07	0.22	-67.4	0.15	0.11	0.26	-58.4

Quarterly and first half gold production increased 24.3% and 41.4% respectively vs. the comparable periods of 2015 due to higher speeds of recovery as a result of the new mineral layers at the leaching pads and higher ore grade due to richer banks being processed, which more than compensated for the lower ore deposited.

However, quarterly gold production decreased 7.0% vs. 1Q16 mainly due to a lower ore grade and speed of recovery.

Update on San Julián

The construction of phase 1 at the San Julián project has been completed on time and on budget. However, as previously reported, after a few days of testing a minor technical failure occurred resulting in a malfunctioning of the lubrication system of the mill.

The Company expects the milling facility to be up and running regularly towards the first week of August. The mine has been fully prepared and development continues, allowing us to stockpile material whilst the milling facility issue is being addressed.

Construction of the flotation plant (phase 2) progressed as planned during the quarter, and we continue to expect commissioning in 4Q16.

This US$515 million San Julián silver-gold project has an expected average production of 10.3 million ounces of silver and 44,000 ounces of gold per year once phase 2 is commissioned by year-end and it reaches full capacity.

Safety Performance

We are pleased to report that no fatal accidents occurred at our operations during the second quarter of 2016. We continue to reinforce our safety measures in order to fulfil our zero fatalities commitment on an ongoing basis.

Exceptional items affecting the interim financial statements

Ahead of the release of the Company's Interim Results on 2 August 2016, and in order to facilitate the estimation of the half year financial results, we are providing guidance on the impact of material changes in gold and silver prices as well as the Mexican peso/US dollar exchange rate on our financial results. These variables are expected to impact some

non-operating/non-cash items in the Company's half year financial results. The Gold Hedging position and the Foreign Exchange Result will be adversely impacted, whilst the Silverstream Revaluation will be benefited; the net loss from these three items is estimated to be in the range of US$ 35 - 40 million before taxes.

These same variables also impacted the deferred taxes, both favourably and unfavourably. As a result, we are expecting an effective tax rate of around 35% for the first half (including the special mining rights).

For further information, please visit our website www.fresnilloplc.com or contact:

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About Fresnillo plc

Fresnillo plc is the world's largest primary silver producer and Mexico's second largest gold producer, listed on the London and Mexican Stock Exchanges under the symbol FRES.

Fresnillo plc has six operating mines, all of them in Mexico - Fresnillo, Saucito, Ciénega (including the San Ramón satellite mine), Herradura, Soledad-Dipolos[1] and Noche Buena, two development projects - San Julián and the Pyrites plant, and four advanced exploration prospects - Orisyvo, Juanicipio, Las Casas Rosario & Cluster Cebollitas and Centauro Deep, as well as a number of other long term exploration prospects. In total, Fresnillo plc has mining concessions covering approximately 2 million hectares in Mexico.

Fresnillo plc has a strong and long tradition of mining, a proven track record of mine development, reserve replacement, and production costs in the lowest quartile of the cost curve for silver.

Fresnillo plc's goal is to maintain the Group's position as the world's largest primary silver company, producing 65 million ounces of silver per year by 2018, having already surpassed the gold target of 750,000 ounces.

Forward Looking Statements

Information contained in this announcement may include 'forward-looking statements'. All statements other than statements of historical facts included herein, including, without limitation, those regarding the Fresnillo Group's intentions, beliefs or current expectations concerning, amongst other things, the Fresnillo Group's results of operations, financial position, liquidity, prospects, growth, strategies and the silver and gold industries are forward-looking statements. Such forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Fresnillo Group's operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially

from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the US dollar and Mexican Peso exchanges rates), the Fresnillo Group's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, changes in its business strategy and political and economic uncertainty.
[1] Operations at Soledad-Dipolos are currently suspended.

http://otp.investis.com/clients/uk/fresnillo1/rns/regulatory-story.aspx?cid=191&newsid=763564

Fresnillo plc - Update on San Julián – 1/7/2016

Fresnillo plc (the "Company") is pleased to announce that construction of the San Julián project phase 1, including testing of the facilities and initial processing of ore, has been completed on time and on budget.

After a few days of testings and starting to feed the mill continuously, a minor technical failure occurred; this led to a malfunctioning of the lubrication system, causing wear of the mill pads. This kind of event is often experienced during the start-up of a new project, but it was quickly identified and is being addressed. The Company now expects the milling facility to be up and running regularly towards the first week of August, at which point the mill will gradually be taken up to full capacity.

Despite this technical issue, the Company confirms its guidance of 775-790 koz of gold and 49-51 moz of silver for 2016 as the higher than expected volumes produced at Saucito will compensate for the shortfall production at San Julián. The US$515 million San Julián silver-gold project has an expected average production of 10.3 million ounces of silver and 44,000 ounces of gold per year once phase 2 is commissioned by year-end and it reaches full capacity.

For further information, please visit our website www.fresnilloplc.com or contact:

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This information is provided by RNS
The company news service from the London Stock Exchange

END

http://otp.investis.com/clients/uk/fresnillo1/rns/regulatory-story.aspx?cid=191&newsid=750610

Minera San Xavier/New Gold - New Gold has continued exploration success at New Afton C-zone and the Peak Mines – 27/6/2016

TORONTO, June 27, 2016 /PRNewswire/ - New Gold Inc. ("New Gold") (TSX:NGD) (NYSE MKT:NGD) today provides an update on results of the company's exploration programs at the New Afton C-zone and Peak Mines ("Peak") for the first half of 2016.

NEW AFTON C-ZONE

In February 2016, the company announced the results of its New Afton C-zone feasibility study, which added 25 million tonnes of gold and copper ore to New Afton's mineral reserves and outlined the potential to add five years of mine life at current throughput rates. The C-zone is the down-plunge extension of the B-zone block cave which New Gold is currently mining at New Afton. As the C-zone mineralization remains open along strike and down plunge, the company's primary focus for 2016 has been to test the potential to increase the C-zone mineral resource immediately around the currently contemplated block cave volume for incorporation into the C-zone block cave reserve mine plan. Additionally, New Gold has been exploring for potential extensions of the resource as it continues laterally and down plunge farther to the west.

Drilling along strike from the upper portions of the current C-zone block cave volume has intercepted copper-gold mineralization extending up to 75 metres to the west, as highlighted by hole 156. At the same time, drill intercepts along

strike between the top of the currently estimated cave volume and the proposed extraction level indicate that the zone of mineralization may narrow between 50 and 75 metres to the west before widening again between 75 and 100 metres to the west. As part of the company's first half 2016 program, New Gold has also drilled up to 100 to 150 metres west of the current block cave volume, with three holes (161, 164 and 165) intercepting significant copper-gold mineralization over true widths ranging from 30 to 55 metres, further supporting the potential for the C-zone to remain open even farther along strike and down plunge to the west.

Drill Hold ID No.	From (m)	To (m)	Interval (m)	Estimated True Width (m)	Gold (g/t)	Copper (%)
EA-156	348	434	86	50.0	0.90	1.31
EA-161	522	620	98	36.0	0.89	0.31
EA-164	562	638	76	55.0	0.23	0.52
EA-165	694	746	52	32.0	0.60	1.14

For a full summary of the company's first half 2016 exploration drilling results and related information, refer to the news release filed on SEDAR at www.sedar.com or on the company's website at www.newgold.com.

"The results of the 2016 C-zone drilling confirm the continuity of mineralization immediately to the west of the block cave volume included in our C-zone feasibility study reserve, indicating good potential to further increase New Afton's overall mine life," stated Mark Petersen, Vice President, Exploration. "Looking forward, it is particularly encouraging to see step out holes as far as 150 metres west of the planned block cave continue to intersect copper and gold mineralization at grades similar to those currently being mined."

Year to date, New Gold has completed approximately 60% of the company's planned 10,000-metre 2016 exploration program at New Afton. Based on the encouraging results received to date, the company plans to complete the remainder of its $6 million budgeted program during the second half of the year. Results of the 2016 exploration program will be incorporated into New Gold's 2016 year-end mineral reserve and resource estimates.

PEAK

In November 2015, New Gold announced the discovery of two new zones of polymetallic mineralization, Chronos and Anjea, both located adjacent to current and past-producing mines distributed along the nine-kilometre Peak mine corridor. Chronos is a zone of gold-silver-lead-zinc mineralization located adjacent to the Peak mill and directly above the Perseverance ore body which is currently being mined. Anjea is a zone of copper-gold and silver-lead-zinc mineralization located adjacent to the historic Great Cobar mine and approximately nine kilometres north of the Peak mill. After discovering these two new zones in 2015, New Gold's objective in 2016 has been to further delineate the Chronos and Anjea mineral resources for incorporation into the company's 2016 year-end mineral reserve and resource estimates.

The company's 2016 exploration budgeted program at Peak totals $8 million, which is expected to include approximately 10,000 metres of drilling at each of Chronos and Anjea, as well as continued drill testing of other prospective targets along the Peak mine corridor.

"Following the successful discoveries of Chronos and Anjea in 2015, we continue to be encouraged by the positive drilling results we are receiving, as they provide further evidence of Peak's robust potential to replace and grow its mineral resources well into the future," added Mr. Petersen.

CHRONOS

The Chronos zone is comprised of three sub-parallel vertically oriented mineralized lenses – Main, East and West. The Main lens includes high-grade gold along with associated silver, copper, lead and zinc while the East and West lenses contain primarily silver, lead and zinc with some localized gold. Since the November 2015 announcement of the Chronos discovery, over 100 additional holes have been drilled which have successfully expanded the dimensions of the mineralized zone. When compared to November 2015, the 2016 delineation drilling program has grown the Chronos zone from 280 to 350 metres in vertical height, extended it from 45 metres to 120 metres along strike, and increased the average thickness from a range of 10 to 25 metres to approximately 40 metres.

At the end of 2015, the company's Inferred mineral resources included 190,000 tonnes grading 13.4 grams per tonne of gold from the Chronos Main lens. The focus of the company's 2016 drilling at Chronos has been on delineating the overall limits of the zone, including the East and West lenses, to support an Inferred mineral resource estimate and delineating the Main lens to the Measured and Indicated classification level for incorporation into New Gold's 2016 year-end mineral reserve estimates and Peak's longer-term mine plan.

ANJEA

The Anjea zone is located approximately 200 metres to the south of the historic Great Cobar mine and begins at a relatively shallow depth of less than 100 metres from surface. Similar to Chronos, the Anjea zone is made up of sub-parallel vertically oriented lenses, Anjea East and Anjea West. While both lenses consist predominantly of copper mineralization with subordinate amounts of gold, a localized zone of higher gold grades has also been intercepted during the recent drilling of Anjea East. Additionally, the 2016 drilling program continues to return positive results from a separate lens of silver-lead-zinc mineralization situated approximately 40 metres west of the Anjea zone, providing further upside potential for future development at Great Cobar.

Drill Hold ID No.	Mineralized Zone	From (m)	To (m)	Interval (m)	Estimated True Width (m)	Gold (g/t)	Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)
GC-9C	Anjea East	769	825	56	32.1	1.39	4.19	2.51	0.00	0.03
GC-9D	Anjea East	738	775	37	24.9	0.09	3.09	1.89	0.00	0.03
GC-9D	Anjea East	787	811	24	16.5	0.05	3.22	1.78	0.00	0.01
GC-23A	Anjea East	772	813	41	26.3	0.74	4.00	2.42	0.00	0.03
GC-23A	Anjea East	813	834	21	17.4	6.11	3.67	2.20	0.01	0.03
GC-9C	Anjea West	834	854	20	12.4	0.06	2.48	1.85	0.00	0.03
GC-17A	Anjea West	692	698	6	4.0	0.25	12.90	2.39	0.03	0.16
GC-23A	Anjea West	853	875	22	14.6	0.60	7.66	1.88	0.01	0.06

For a full summary of the company's first half 2016 exploration drilling results and related information, refer to the news release filed on SEDAR at www.sedar.com or on the company's website at www.newgold.com.

The drilling completed to date at Anjea is expected to be sufficient for inclusion in the company's Inferred mineral resource estimate at the end of 2016. However, as both the Anjea zones remain open at depth, New Gold plans to follow up with additional drilling during the second half of the year.

EMERGING PEAK MINE CORRIDOR TARGETS

Exploration of three earlier stage targets along the Peak mine corridor has also returned positive results to date. The three targets, Dapville, Gladstone and Proteus, are all located within one kilometre of the New Cobar and Chesney mines.

Dapville is located along the trend that extends to the south between the Anjea zone and the New Cobar mine. Following up on historic drill results in the area, drilling at Dapville has intercepted significant copper mineralization along with associated silver, lead and zinc. Copper grades intercepted to date range from 1% to 5% over one to five-metre true widths at depths from surface ranging from 250 to 500 metres. Dapville remains open at depth and along strike.

Gladstone is located one kilometre south of the Dapville target and approximately 400 metres west and midway between the New Cobar and Chesney mines. Preliminary drilling has intercepted copper mineralization with grades ranging from 1% to 7% copper over true widths of two to 10 metres. Drilling to date has focused on the northern portion of the Gladstone target and is considered sufficient to support inclusion in the company's year-end 2016 Inferred resource estimate.

Reconnaissance drilling in the Proteus area has intercepted significant copper mineralization over a vertical depth that ranges from 100 to 500 metres from surface with grades ranging from 1% to 3% copper and true widths ranging from approximately three to 11 metres. Proteus represents a 500 metre long trend of mineralized structures located approximately 500 metres south of the Chesney mine. The Proteus zone remains open at depth and along strike.
For a full summary of the company's first half 2016 exploration drilling results and related information, refer to the news release filed on SEDAR at www.sedar.com or on the company's website at www.newgold.com.

New Gold looks forward to providing future updates on the company's exploration initiatives.

ABOUT NEW GOLD INC.

New Gold is an intermediate gold mining company. The company has a 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, provide the company with its current production base. In addition, New Gold owns 100% of the Rainy River and Black water projects, both in Canada, as well as 4% gold stream on the El Morro project located in Chile. New Gold's objective is to be the leading intermediate gold producer, focused on the environment and social responsibility. For further information on the company, please visit www.newgold.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this news release, including any information relating to New Gold's future financial or operating performance is "forward looking". All statements in this news release, other than statements of historical fact, which address events, results, outcomes or developments that New Gold expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking statements in this news release include, among others, statements with respect to the exploration and mineralization potential of the Chronos and Anjea zones, the potential and timing with respect to defining mineral resources thereon, the timing of future exploration activities and the disclosure of updates thereon.

All forward-looking statements in this news release are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond New Gold's ability to control or predict. Certain material assumptions regarding such forward-looking statements are discussed in this news release, New Annual Information Form and its Technical Reports filed at www.sedar.com.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, without limitation: changes in national and local government legislation in Australia; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary regulatory approvals, licenses and permits and complying with the permitting requirements in Australia; loss of key employees; rising costs of labour, supplies, fuel and equipment; actual results of current exploration; risks, uncertainties and unanticipated delays associated with obtaining and maintaining necessary regulatory approvals, licenses, permits and authorizations and complying with permitting requirements; and the factors discussed under "Risk Factors" included in New Gold's disclosure documents filed on and available at www.sedar.com.

Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. New Gold expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

TECHNICAL INFORMATION

The scientific and technical information in this news release has been reviewed and approved by Mark A. Petersen, Vice President, and Exploration of New Gold. Mr. Petersen is an SME Registered Member, an AIPG Certified Professional Geologist and a "Qualified Person" as defined under National Instrument 43-101. Mr. Petersen has verified the data disclosed in this news release, including the exploration, analytical and testing data underlying the information. His verification included a detailed review of the applicable assays for individual samples represented in summary form herein as well as oversight of the management of applicable drill hole databases and original source data including assay certificates. No limitations were imposed on Mr. Petersen's verification process.

New Gold maintains comprehensive Quality Assurance / Quality Control ("QA/QC") programs for all of its exploration and development projects. Key elements of New Gold's QA/QC program include chain of custody of samples, regular insertion of certified reference standards and blanks, and duplicate check assays. At New Afton drill core is sampled at regular 2 metre intervals, halved and shipped in sealed bags to Actlabs in Kamloops, British Columbia, Canada where it is analyzed for gold, silver, copper as well as other elements of interest. Check analyses are completed by ALS Laboratories in North Vancouver, British Columbia, Canada. Additional information regarding the company's quality assurance processes is set out in the March 24, 2015 New Afton mine NI 43-101 Technical Report available at www.sedar.com. At Peak drill core is sampled at regular 1 or 2 metre intervals, halved or whole core assayed and shipped in sealed bags to ALS Laboratories in Orange, New South Wales, Australia where it is analyzed for gold, silver, copper, lead and zinc as well as other elements of interest. Check analyses are completed by SGS Laboratory in West Wyalong, New South Wales, and Australia. Additional information regarding the company's quality assurance processes at the New Afton and Peak mines is set out in New Gold's most recent Annual Information Form and Technical Reports for the New Afton and Peak mines available at www.sedar.com.

For additional technical information on New Gold's material properties, including a detailed breakdown of Mineral Reserves and Mineral Resources by category, as well as key assumptions, parameters and risks, refer to New Gold's Annual Information Form for the year ended December 31, 2015.

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http://www.prnewswire.com/news-releases/new-gold-has-continued-exploration-success-at-new-afton-c-zone-and-the-peak-mines-584587861.html

Latest Research

Water-rock-tailings interactions and sources of sulfur and metals in the subtropical mining region of Taxco, Guerrero (southern Mexico): A multi-isotopic approach.

Oscar Talavera Mendoza , Joaquin Ruiz, Elvia Díaz Villaseñor, Alejandro Ramírez Guzmán,Alejandra Cortés, Sergio Adrián Salgado Souto, Azucena Dótor Almazán, Reymundo Rivera Bustos.

Abstract

Multi-isotope (H, O, S, Sr, Pb) systems coupled with conventional (major and trace element) hydrogeochemical analysis were applied to determine the origin of water, to model water-rock-tailings interactions and for source apportionment of sulfur and associated toxic metals in the mining region of Taxco, Guerrero in southern Mexico. Oxygen and H isotopes indicate that meteoric water in the zone is rainwater undergoing varying degrees of isotopic fractionation by atmospheric evaporation whereas Sr isotopes trace the interaction of pristine water from volcanics of the regional recharge zone and subsequently flowing through sandstone and shale to spring points. Leachates form from two distinctive sources (spring water and surface water) having differential interactions with bedrocks prior to entering the tailings. Compared to pristine water, leachates are enriched in sulfate, metals (e.g. Fe, Mn, Pb and Zn) and metalloids (e.g. As). The sulfur isotopic composition of ore-sulfides, leachates, secondary precipitates, regional surface water and hypogenic sulfates is described in terms of a two-component mixing model with shale of Mexcala and limestone of Morelos formations representing the light and heavy end-members, respectively, whereas Sr isotopic composition is bracketed combining three lithogenic (Mexcala/Morelos, Tilzapotla and Taxco Schist) sources. Finally, leachates have a mixture of lead from ore-sulfides and Taxco Schist Formation (Family I) or from ore-sulfides alone (Family II). The application of multiple environmental isotopic techniques is an outstanding tool for elucidating complex interactions of water with bedrocks and tailings and for determining the source of sulfur and toxic metal from mining and other metal polluted environments.

http://www.sciencedirect.com/science/article/pii/S0883292715300755

The Industry

Today's Mining in Mexico

In December 1990, further legislative changes were made resulting in a new and liberal political framework with more transparent definitions for the scope of power of government authorities and eliminating many of the obligations and procedures required previously for ownership of mining concessions. In addition foreign capital was finally allowed to participate in 100% ownership of mining properties once incorporated within a Mexican corporation. These changes allowed for the country's economic climate to begin improving once again.

In 1993, the extremely significant NAFTA agreement (North American Free Trade Agreement) was signed by Mexico, Canada & the United States resulting in an explosion of investment in Mexico. The mining industry was one of the big recipients of this foreign investment. Since 2002, the improvement in metal prices has also helped to further increase the investment in mining in Mexico.

As a result of the favorable geological environment, supportive mining regulations, and current metal prices, Mexico has received a substantial percentage of the world wide investment in mining.

Mexico's mining output has reached levels never seen before; its gold production in 2010 was 2.7% of world production, while silver was 19%, and copper was 2% of total world production.

The revitalization of Mexico that is currently underway is rebuilding towns and reopening mines that were shut down for a variety of reasons in some cases at the turn of the century. Dozens of mines have been reopened in the past 8 years creating thousands of jobs and hundreds of spin off businesses.

According to the Secretaria de Economia, a total of 204 mining companies with direct foreign investment had 390 ongoing projects in Mexico in 2006. The State of Sonora attracted 95 of the projects; Chihuahua 59; and Durango 51. Subsidiaries of more than 150 Canadian mining companies were active in Mexico, and subsidiaries of companies based in the United States accounted for 31 of the international mining companies. Of the 390 projects, 327 were still in the exploration phase. Gold and silver were the primary targets for 312 of the 390 projects.

CAMIMEX (Mexican National Chamber of Mines) established in 2007 that one of the big challenges for the mineral industry was finding qualified personnel for the development of mineral projects. Since the growth of the mineral industry seemed likely to continue, the mineral industry in Mexico had introduced a series of incentive packages to develop professionals in the field within the country. One of these programs was the creation of scholarships and training programs in Mexican technical schools and universities of which First Majestic is involved with.

In 2008 the Secretaria de Economia (SE) announced that there were a total of 263 mining companies with direct foreign investment working on 677 projects. Of these projects, 578 were in the exploration phase, 56 were producing, and 15 were in development. Of these companies, 198 had their central offices in Canada, 39 in the United States, 7 in the United Kingdom, 5 in Australia, 3 in Japan, and 11 in other countries not specified by the SE.

Growth continues with the latest statistics from the Secretaria de Economia showing that in 2012, a total of 283 mining companies with direct foreign investment were working on 842 projects. Of these companies, 204 had their central offices in Canada, 45 in the United States, 8 in China, 5 in Australia, 4 in the UK, 4 in Japan, 4 in South Korea, 2 in India, and 1 in each of the following countries: Chile, Luxembourg, India, Peru, Italy, Belgium, Spain and Brazil.

Mines are often the key economic engine of many Mexican communities. Today's modern mining companies tend to work closely with their local communities to develop economic programs and projects to bring more than just the direct employment from the mine. By voluntarily participating in a community, mining companies and other local stakeholders (local government, education institutions, other businesses and farmers) can work together to ensure that the local

population, including the poorest segments, can benefit from the presence of new investments and share in the growth potential of the local economy.

Some of the spill-over effects that mining brings into the communities are: employment in the construction and service industries, education, housing, electricity, roads, potable clean water, medical services, and overall improvements to better the standard of living within the communities. All these translate into economic development for the small communities creating a snowball effect for the entire country of Mexico.

Mining related activities continue to be an important component of the Mexican job market providing income opportunities for many. The investment in mining has boosted the employment in areas historically plagued by high rates of unemployment. Mining is now the second most important industry in Mexico, after petroleum but surpassing tourism, according to CAMIMEX. In June 2013, the number of people directly employed in the mining industry rose to 338,143 and indirect employment rose to 1.6 million, according to data from the Mexican Social Security Institute.

In June 2013, employment in the mining sector reported a growth of 3.1% compared to the same month last year. Work in the sector also paid 36% better than jobs in other sectors. In 2012, investment in the mining sector reached $8.04 billion USD. Combining this with previous data reported in investment since 2007, the mining industry invested $25.64 billion USD, representing an incredible and historic amount for the sector and for the Mexican economy.

Silver is produced both as primary silver and as a by-product of gold and base metal operations. Both types of mines exist in Mexico. In 2012, Mexican silver production amounted to 158.6 million ounces (4,496 tons) resulting in Mexico becoming the largest producer of silver in the world.

The major mining states are Zacatecas, Sonora, Chihuahua, Coahuila and Durango. In respect to mineral products; in the metallic category, silver and gold are the most prominent minerals, followed by copper, zinc and lead. The non-metallic category is dominated by cement and bentonite, which hold a majority of the total share.

The Mexican Silver Belt, (La Faja de Plata), historically, is the world's most productive silver district with well over 10 billion ounces of silver production and between 63 to 75 million ounces of gold production. Many of the major mines in the belt include Pachuca, Guanajuato, Zacatecas, Fresnillo, Tayoltita, Santa Eulalia, Parral-Santa Barbara-San Francisco del Oro, and Charcas which have been in nearly continuous production since the 16th century and the first four of this list have produced over a billion ounces of silver each. The belt currently produces about 100 million ounces of silver per year from a combination of epithermal vein and carbonate replacement deposits (CRDs).

Canadian companies have been at the forefront of the global expansion of mining activity, especially in Latin America and Mexico. While in the 1990's Canadian companies accounted for only 12% of mineral investment in Latin America, by the 2000's that number had risen to 33%.

With this increase in investment, it has been important for the Mexican authorities to bring in new regulations that are closer to international standards. Of particular importance to mining investors have been the new environmental regulations. In the specific case of Mexico, SEMARNAP, the ministry of environment in Mexico, has aligned its policies to internationally accepted standards so exploration and mining activities would have a reduced impact on the environment.

Under SEMARNAT, mineral exploration and mining require a number of environmental permits and authorizations to conform to the statutes of the Ley General del Equilibio Ecologico y Proteccion Ambiental, (LGEEPA -- general law of ecological balance and environmental protection), starting with a preliminary environmental impact statement for all major activities or projects. Besides all the environmental permits and operating licenses, the other necessary permits for any mine or plant include: water usage, water discharge, land use, explosives, and hazardous materials handling.

In consideration of these regulations, First Majestic has been implementing a Sustainable Development Policy and as a result, First Majestic has been recognized as a 'Socially Responsible Mining Company' in Mexico for five consecutive

years. We are proud to say that First Majestic is one of only 17 mining companies awarded this certification by the Centro Mexicano Para la Filantropia (CEMEFI). In addition, First Majestic's La Parrilla Silver Mine and San Martin Silver Mine are certified as 'Clean Industry' by the Mexican Environmental Authority.

http://www.firstmajestic.com/en/social-responsibility/todays-mining-in-mexico

Mining in Mexico

The history of mining in Mexico dates back to the earliest histories of the land. Gold, silver, and other metals have long been highly valued, and many of the mines operated during the Spanish centuries were originally indigenous mining operations.

Today, Mexico continues to be one of the world's largest producers of several minerals. Mining is now the second most important industry in Mexico (second to petroleum but before tourism), and mining related activities continue to be an important component of the Mexican job market providing many levels of income opportunities.

EMPLOYMENT & OPPORTUNITIES

According to the Mexican Social Security Institute's latest data, the Mexican mining industry directly employs 291,000 people and another 1.5 million jobs have been created in supporting businesses such as construction and service industries. In 2010, employment in the mining sector grew by 5.4%. From 2010 to 2012, the mining industry is expected to invest US$13.8 billion in the country. Between 2007 and 2012, the mining industry will have invested US$21.75 billion in the Mexican economy.

Mining investment often occurs in rural areas -- regions which are largely ignored by other industries for investment and development and which have been plagued by high rates of unemployment and poverty. Not only are jobs in the mining section higher paying than many other sectors within Mexico, but also exploration and mining brings a wealth of opportunities and social benefits to small communities such as employment in construction and service industries, education, housing, electricity, roads, potable clean water, medical services, and overall improvements in the standard of living.

INVESTING IN COMMUNITIES

Today's mining companies are owned by shareholders from around the world who demand high standards for business practice. This means that mining companies are invested in large social and community development programs. BHP Billiton, one of the world's largest mining companies, invests one per cent of its pre-tax profits in community programs. In 2011, that 1% totalled US$195.5 million.

People living in rural and remote communities often have few employment options. In many cases, they also have limited access to government support and programs, and they often have to leave their communities to find work. In this way, employing local people in local projects, helps keeps communities together.

While new mining development certainly provides employment and improved infrastructure, companies also spend millions as part of internationally approved community sustainability programs which invest in local industry, education, housing and other areas. These programs are often administered by respected third party NGOs. In this way, mining brings attention, opportunity, and property to rural communities.

MINING AND THE ENVIRONMENT

Mining companies today adhere to strict environment legislation. With the increased investment in Mexico over the last decade, Mexican authorities have established new and more rigorous regulations. The Secretaría de Medio Ambiente y Recursos Naturales, Mexico's Ministry of the Environment, Natural Resources, and Fisheries (SEMARNAT) has

aligned its policies to international standards in order to ensure exploration and mining activities have a reduced impact on the environment.

Surface exploration activities generally have a very low environmental impact. If an exploration project conforms to the NOM-120-SEMARNAT-1997 (Norma Oficial Mexicana NOM-120-SEMARNAT, 1997 [1998]), SEMARNAT does not require a permit to conduct low impact surface work such as drilling. In practice, although not required under the NOM-120, many companies submit an "Informe Preventivo", a report that states the measures that will be used by the Company to minimize environmental impacts.

Mining involves changes to the surface, just like the construction of a building and therefore requires a number of environmental permits and authorizations to conform to the statutes of the Ley General del Equilibio Ecologico y Proteccion Ambiental (LGEEPA). Before beginning mining operations, companies are required to prepare a preliminary environmental impact statement for all mining activities. In addition there are many other operating licenses and permits required to commence mining.

Mining has a very good record in Mexico of meeting and exceeding the country's environmental legislation. For example 69 Mexican mining operations have been certified as 'Clean Industries', and another 24 are in the process of this certification. In the past six years the mining sector has planted 10 million trees, which makes it the third leading sector (after the Mexican Armed Forces and the lumber industry) for tree planting projects.

http://www.almadenminerals.com/Responsibility/Mining-Mexico.html

This is Mexico Mining Review 2016

The cycle of bonanza and good prices in the mining industry has been broken and rather than wallowing on the volatile market place, mining players have taken the saying "necessity is the mother of invention" to heart. Key words like operative efficiency, productivity, optimization, and Capital Discipline have taken root, all in an effort to claim benefits in this turbulent time. The perception of lower inflation risk, the strength of the US economy, drop of average metal prices, and the slowdown in the exploration and development activities are factors that will give companies the opportunity to devote time to study in detail the commitments and their projects to its shareholders.

In this time of reflection, Mexico Mining Review 2016 provides an in-depth and timely overview of the latest developments, trends, achievements, and challenges in the Mexican industry. Our previous editions are a testament to the perfect positioning we offer to the key stakeholders of the Mexican and international public and private sectors. Innovation, efficiency, automation, and technology are the key pillars unifying this year's edition, which will combine in-depth analysis, interviews, and top project features. The legal, regulatory, and financial frameworks are tackled in the opening chapters by key players, ranging from the Federal Government to industry associations, financial heavyweights, and professional service providers. The remaining chapters will navigate the leading Mexican and international mining players in key sectors like gold, silver, copper, iron, steel, among others. The remaining chapters will unveil the whole value chain with suppliers either focusing on open pit or underground mining and their top product offerings and innovations. Exploration of greenfield and brownfield projects, ore processing, energy, CSR, and environmental remediation are some of the other rich subjects we will also feature extensively. Through our print, iPad, and online editions, Mexico Mining Review is the voice of the Mexican mining industry.

http://www.mexicominingreview.com/

Leading Companies

Altos Hornos de Mexico (AHMSA)

About Us

Altos Hornos de México, S.A.B. de C.V. (AHMSA) is the largest integrated steelworks in the country. Its corporate offices are located in Monclova, Coahuila, in central region of the State of Coahuila, 250 kilometers from the U.S. Border.

AHMSA operates a vast industrial chain, from the extraction of iron ore and coal to the manufacturing of various steels. It has two steel plants in the city of Monclova, which cover an area of 3,000 acres.

AHMSA currently operates at a rate of close to 5 million metric tons of liquid steel annually, and has a workforce of 19,000, including its mining subsidiaries.

AHMSA is a national leader in production and marketing of flat products: hot rolled coil, wide plate in coils or sheets, cold rolled coil, tinplate and tin-free steel. Furthermore, it has production lines for structural shapes for the construction industry.

http://www.ahmsa.com/

Quality Circles and Technological Innovation

- Seventy projects were concluded in the Quality Circles andImprovement Groups during 2009. Two of them were in the area of Quality, 39 in Productivity, 22 in Safety, 5 in Environmental Protection, and 2 in Electrical Power Saving.
- The Drager quality circle, in Mine VII of the MICARE Unit, won first place in the Twentieth National 2009 Forum of Quality Circles.
- The National Council on Science and Technology (CONACYT) awarded Minera del Norte (previously Minerales Monclova) a recognition and a fiscal stimulus for research and development of a specific technology for the operation of iron mines in the “Cuerpo Aceros” deposits located in Hércules, Coahuila.
- As part of the National Council on Science and Technology (CONACYT) contest on Innovation and Application of New Technologies, The MICARE Unit obtained approval of the geophysical technology projects applied to the exploration of coal and development of regional purveyors for the supply of critical components for the coal industry.

http://www.ahmsa.com/en/company/quality-and-innovation/quality-circles-and-technological-innovation

Quality and Innovation

- A philosophy of responsible and proactive operation has garnered national and international recognitions for AHMSA and its companies.
- Outstanding among these are the multiple “Clean Industry” certifications issued by Mexico’s Evironmental Protection Department, the Environmental prize granted by the Mexican Chamber of Mining, and the Environmental Excellence Award, given by the Latin American Mining Organism.

- AHMSA's hot rolling department was approved by the audit of the quality system, based on the European Standard EN 10025:2004.
- A national prize was bestowed during the XIII Electrical Power Saving Contest in the Large Industrial Enterprises category. AHMSA was recertified for three more years by the ISO-14001 standard.

- Integrated systems were established for quality, health and environment in Cold Rolling 1, Structural Shapes and Maintenance and Services.

- MICARE, MIMOSA, CEMESA, Hércules and La Perla were approved by the ISO 9001:2000 standard, without observations.

http://www.ahmsa.com/en/company/quality-and-innovation

Social Responsibility

For over six decades, Altos Hornos de México (AHMSA) has focused the emphasis of investments, on changes in the industrial processes and the improvement of home and workplace living conditions for its employees. This effort has spread into a series of programs and social activities for the improvement of quality of life in the communities that make up the environment of its steelworks and mining companies.

Since 1942, the evolution, welfare and growth of AHMSA and Monclova have been closely linked to each other. In 1991, when Grupo Acerero del Norte (GAN) became the majority stockholder at AHMSA, the commitment to the future of the region was strengthened through social investment programs in agreement with civil authorities.

In this manner, by means of joint efforts with the authorities and community organizations, AHMSA maintains a deliberate presence in community development, primarily in municipalities in the state of Coahuila, with investments and equipment for public safety, urban cleaning, educational and social institutions, road work, recreational facilities and cultural activities.

For example, some actions that stand out are the investment in the modernization and expansion of the Monclova-Frontera International Airport, the installation of a water-treatment plant in the Center of Coahuila, and the constant effort to maintain an environmentally sustainable operation.

The reinforcement of infrastructure for communications, basic services and educational services have brought about an improvement in community life, while at the same time, introducing an additional incentive for businessmen and industrialists that have installed new companies that create jobs and generate wealth for the region.

Through interaction with local and state authorities, as a greater expression of the effort to ensure a future of progress for communities, AHMSA carries on activities aimed at strengthening regional economies, by attracting new businesses and promoting competitiveness among local suppliers of goods and services.

For this purpose, in the allocation of contracts, the company maintains a preference for the companies of former employees or local businesses, the level of competitiveness and market prices being equal. Additionally, a department of supplier development is maintained for every level of requirements of supplies and services.

Thus, the constant investment in industrial growth and activities benefiting the community have positioned Altos Hornos de México as a company of high social responsibility, committed to actively pursuing improvement of the quality of life of its employees and the community at large.

http://www.ahmsa.com/en/comunication/social-responsibility

Altos Hornos de México, S.A.B. de C.V. (AHMSA)

For the Spanish language website, click this link:

http://www.ahmsa.com/

Fresnillo PLC (FRES)

About Us

Fresnillo plc made its debut on the London Stock Exchange in 2008 following a successful, profitable and decades-long track record as a mining company with proven expertise in the mining value chain, from exploration through to mine development and operation.

Our world-class precious metal assets include the largest primary silver mine in the world in addition we have an exceptional portfolio of development projects and exploration prospects.

As the industry faces cyclical challenges, we are confident that our extensive management experience, attractive country environment, low-cost production, commitment to exploration investment throughout the metals cycle, and a financially sound balance sheet have positioned us to thrive over the long term.

Our continuous and growing investment in exploration in recent years has resulted in a strong pipeline of projects at all stages of exploration and development, ensuring long-term organic growth and advancing our strategic objectives to produce annually 65 moz of silver and 50 koz of gold by 2018. We are well positioned in the precious metals industry with a low cost production profile, rich resource base, robust growth pipeline and strong cash position.

The Group maintains the largest land area of concessions for precious metals exploration and mining in Mexico. Our primary focuses in on high potential silver and gold projects that can be developed into low-cost world class mines or cluster of mines. Central to our land acquisition and exploration efforts are community relations. The support of local governments and non government organizations and community leaders.

We maintain strict and consistent investment parameters in terms of tonnage, ore grade and production costs, with an eye towards consolidating our mining districts. Projects that meet these criteria are advanced through a disciplined development process.

Our business model is dependent on community support and constructive labour relations, sound environmental management and exemplary safety and healthy performance. A core pillar of our strategy is strengthening the Group's sustainability framework. I see our safety performance as the most challenging development of the year and consider our work in reinforcing safety conditions as the single most important effort. That said, I am pleased with our performance in operational efficiency and competitive cash costs, our progress at development sites, and the significant advancement of our growth platform as a result of the increase in total ore resources.

We remain committed to identifying and evaluating partnership and acquisition opportunities that align with our strategy and add value. I also believe that our ongoing focus on increasing productivity, containing costs, expanding the resource and reserve base, and strengthening our growth pipeline while investing in our people and communities will create ongoing and sustainable value for our shareholders and all our stakeholders.

http://www.fresnilloplc.com/

Key Facts & Highlights

- World's largest primary silver producer and second largest gold producer in Mexico
- Est. 2008, following restructuring of Peñoles separating precious metals business into the Fresnillo Group
- Headquartered in Mexico City; core operations in Mexico, Investor Relations London
- Listed on the London Stock Exchange (FRES:LSE) and Mexican Stock Exchange (FRES:BMV)
- Six operating mines, two development and four in exploration
- Chairman: Alberto Baillères; CEO: Octavio Alvídrez; CFO: Mario Arreguín

Mining in Mexico

The Mining Industry

Mexico has a mining history extending almost 500 years and is among the world's largest metal producers. Mexico is the largest producer of silver in the world and a top global producer of gold, copper, zinc, amongst other minerals.

With its long mining tradition, Mexico has a largely favourable environment for the industry. The geological potential remains strong. The country's terrain is one of the most tectonically active and complex in the world. Orogenesis has pushed up mountain chains all across Mexico, including the Sierra Madre Oriental, Sierra Madre Occidental and Sierra Madre del Sur. These three regions have formed some of the key metallogenic areas. Gold and silver mineralisation is commonly linked to the two belts of hydrothermal veins and gaps that stretch out underneath both sides of the Sierra Madre Occidental.

That potential has attracted more than 250 private exploration companies to Mexico, with operations concentrated in the northern states of Sonora, Zacatecas and Chihuahua.

As mining is an important contributor to the country's economy, the industry benefits from a well-structured and supportive regulatory framework.

The Concession System

Under the Mexican constitution, minerals are part of the national patrimony. Exploration, exploitation and beneficiation of minerals have preference over any other use of land. The law permits up to 100% private ownership in exploration, development and production of mineral substances.

Concessions are required to explore for and exploit mineral potential. Concession holders are required to negotiate with the surface land owner to access the land under which the concession is located.

Exploration concessions are granted for six years and are not renewable. There are no limits for mining concessions. Production concessions are awarded for 50 years and are renewable for a similar period. All concessions may specify required levels of capital expenditure and minimum environmental, health and safety standards.

Regulation for the mining sector is overseen by the Secretaria de Economia, while environmental permitting responsibility resides with the Secretaria de Media Ambiente y Recursos Naturales (SEMARNAT).

Environmental Laws

Mexican environmental regulations have become increasingly stringent over the last decade as a result of international agreements that Mexico has ratified, including North American Agreement on Environmental Cooperation (parallel to NAFTA), the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity.

Mining companies must obtain environmental impact permits from SEMARNAT prior to any mining and exploration activities, and such activities are subsequently subject to several environmental permits from different offices with SEMARNAT, including water extraction, wastewater discharge and tailings disposal.

The Fiscal Regime

As part of the comprehensive structural reforms passed by the Mexican government, new duties set to take effect in 2014 were approved for mining companies: 7.5% of a figure similar to EBITDA and 0.5% of gold and silver sales.

Workforce

While overall university enrolment has increased recently and the government has passed new education reforms, there is a deficit of geosciences professionals in Mexico.

Security and Infrastructure

Crime and violence, much of it fuelled by drug cartels, affect many parts of the country. Federal police and armed forces have increased their enforcement activities, as have private citizen groups. While organised criminal networks are now on the defensive, the security situation in Mexico remains an issue. The Group has enhanced security measures at all facilities and is taking additional precautions to safeguard its personnel, who are the top priority.

Other cost pressures

As extraction and production have accelerated to meet demand, mineral deposit grades are declining, requiring a higher volume of ore to be processed in order to meet and exceed production targets. At the same time energy costs, a key component of the cost structure, have risen, as have treatment and refining charges.

http://www.fresnilloplc.com/who-we-are/mining-in-mexico/

Fresnillo plc interim results for the six months to 30 June 2016

Highlights (H1 2016/H1 2015 comparisons)

- Silver production of 25.2 moz (including Silverstream), up 6.1%, and gold production of 448 koz, up 23.0%
- Profit for the period of US$165.6m, up 116.9%
- Basic and diluted EPS US$22.7 cents per share, up 118.3%
- Cash generated from operations of US$475.2m, up 50.9%
- Strong balance sheet maintained - cash, cash equivalents and short-term investments of US$701.2m
- Interim dividend of US$63.4m (8.6 US cents per share) declared reflecting Board's confidence in the Company's financial position and outlook; no change to previously stated policy
- Construction of the leaching plant (stage 1) at San Julián completed, with production expected to re-start in the coming days
- Centauro Extension project and resumption of Pyrites project approved by the Board
- Full year gold production guidance raised to 850-870 koz from 775-790 koz; full year silver production remains on track (49-51 moz, including Silverstream)

Highlights for 1H16

US$ million unless stated	H1 16	H1 15	% change
Silver Production (koz) *	25,212	23,771	6.1
Gold Production (oz)	447,569	364,020	23.0

Total revenues	886.9	752.3	17.9
Adjusted revenues[1]	959.4	822.4	16.7
Exploration expenses	52.1	75.4	-30.9
EBITDA[2]	474.0	317.9	49.1
Profit for the period	165.6	76.4	116.9
Cash generated by operations before changes in working capital	475.2	314.9	50.9
Basic and Diluted EPS (US$)[3]	0.227	0.104	118.3
Dividend per ordinary share (US$)	0.086	0.0210	309.5

* Silver production includes volumes realised under the Silverstream Contract

[1] Adjusted revenues is the revenue shown in the income statement adjusted to add back treatment and refining costs and gold, lead and zinc hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices

[2] Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative, selling and exploration expenses

[3] The weighted average number of shares for H1 2016 and H1 2015 was 736.9m. See Note 8 in the Interim Consolidated Financial Statements.

Octavio Alvídrez, Chief Executive Officer of Fresnillo plc, said:

"We have had a solid first half operationally, with silver and gold production up 6% and 23% respectively. Silver production was driven by another strong performance at Saucito following the ramp-up of Saucito II and the plant optimisation, higher grades at Ciénega, and higher ore grades and production at the Fresnillo mine. We continue to progress the turnaround at Fresnillo, consolidating the improvements already made. Gold production was driven by increased output from our open pit mines, Herradura and Noche Buena. I am confident we are well-placed to meet our 2016 silver production guidance of 49-51 million ounces, and our recently increased 2016 gold production guidance of 850-870 thousand ounces.

The first half saw construction of the leaching plant at our new San Julián mine completed. As previously reported, we expect to re-start feeding ore to the mill in the coming days, post a minor issue with the lubrication system. Phase 2 of this project remains on track for commissioning by year end. Looking further forward, the first half also saw Board approval for the resumption of the Pyrites plant project, thanks to improved market conditions, and the approval of the Centauro Extension project at Herradura, encompassing a second line to the Dynamic Leaching Plant. I am also pleased to report that our ongoing exploration activity yielded interesting drill results at San Julián, Guanajuato and Fresnillo.

Precious metals prices have performed strongly since the start of the year, and our mines have seen increased production, resulting in robust financial results. However, we are maintaining our cautious approach, with strict operational and financial discipline, and investment decisions will continue to be evaluated on a project by project basis against key criteria. This is in line with our Contingency Plan, which we put in place early this year and which remains in place. Our strategic objectives remain unchanged and we will continue to take a long-term view, focusing on balancing profitable growth with returns, whilst maintaining a solid financial position.

Thanks to this conservative approach we remain well placed to create value throughout price cycles, with our high quality, low cost assets and significant growth pipeline, combined with our balance sheet strength. "

Commentary on the Group's results

Fresnillo plc's operating results were driven by a strong performance from Herradura, with higher speeds of recovery and an increase in ore processed following the commissioning of the second Merrill Crowe plant in late 2015. Higher speeds of recovery at Noche Buena also contributed to the increased gold production. In silver, regained access to the

higher grades areas at the San Carlos and San Alberto veins led to higher ore grades and production at Fresnillo, whilst Saucito continued to perform strongly following the ramp-up of Saucito II and the plant optimisation. Ciénega saw a decrease in gold production resulting from lower grades, but an increase in silver production mainly due to higher silver grades at the Rosario and Las Casas areas.

Increased volumes of gold, silver, lead and zinc sold and our cost reduction initiatives, coupled with the benefit of external variables including the recovery of the gold price and the devaluation of the Mexican peso/US dollar exchange rate, positively impacted the Group's financial results in the first half of 2016.

Total revenues increased 17.9% half on half to US$886.9 million in the first six months of 2016 mainly as a result of increased sales volumes and the higher gold price during the period; which was partly offset by higher treatment and refining charges resulting from the increased volumes of lead and zinc concentrates produced.

Adjusted production costs of US$299.7 million decreased by 5.2% compared to the first half of 2015. This decrease was mainly explained by the favourable effect of the 19.3% devaluation of the Mexican peso vs. the US dollar, lower energy prices and the positive impact of our cost reduction initiatives. These factors more than compensated for the additional production costs recorded resulting from the increased ore throughput at Herradura and Saucito. However, cost of sales of US$492.5 million increased slightly by 2.9% over the first half of 2015 mainly due to the decrease in inventories at Herradura following the increased processing capacity achieved with the commissioning of the second Merrill Crowe plant; and to a lesser extent a decrease in inventories at Noche Buena.

Similarly, cost per tonne across all our mines decreased, reflecting the benefit of the devaluation of the average Mexican peso/US dollar exchange rate and the efficiencies and cost reduction initiatives achieved.

The increase in revenues, which more than offset the slight increase in cost of sales resulted in a 44.1% increase in gross profit to US$394.4 million in the first half of 2016.

Administrative expenses decreased by 20.9% as a result of a decrease in non-recurring engineering and construction services provided by Peñoles related to new projects, the lower cost of services provided by third parties and the positive effect of the devaluation of the Mexican peso against the US dollar on administrative expenses denominated in pesos.
As part of our Contingency Plan, exploration expenses of US$52.1 million also decreased over the first half of 2015 as a result of a slower pace of drilling.

The higher gross profit and lower administrative and exploration expenses resulted in a 49.1% increase in EBITDA, with the EBITDA margin rising from 42.3% in the first half of 2015 to 53.4% in the same period of 2016.

In the first half of 2016, net finance costs included US$13.9 million as a result of the interest recognised in the income statement in relation to the US$800 million debt facility raised in November 2013. In addition, a non-cash loss of US$136.6 million was recognised in respect of the gold hedging programme put in place to protect the investment made in the acquisition of the 44% stake of Newmont in Penmont.

During the period, there was a positive revaluation of the Silverstream (US$109.9 million) due most significantly to the higher forward silver price and the decrease in the reference discount rate (LIBOR).

The 9.9% spot devaluation of the Mexican peso against the US dollar in the six months to 30 June 2016 had an adverse effect on the value of peso-denominated net current assets when converted to US dollars, resulting in a foreign exchange loss of US$8.6 million in the first half of 2016.

Profit from continuing operations before income tax increased by 87.4% from US$136.1 million to US$255.1 million in the first half of 2016.

Income tax expense increased 51.6% to US$73.7 million as a result of higher profits generated in the first half of 2016. The effective tax rate, excluding the special mining right, was 28.9%, and 35.1% including the effects of the special mining right.

Net profit for the period was US$165.6 million, a 116.9% increase over the first half of 2015.

Cash flow generated by operations, before changes in working capital, increased by 50.9% to US$475.2 million in the first half of 2016 as a result of higher profits.

Capital expenditure totaled US$198.8 million, a decrease of 13.2% over the first half of 2015. Investments during the period included construction at the San Julián project, leaching pads at Herradura and development at Fresnillo and Ciénega.

Other uses of funds during the period were income tax and profit sharing paid of US$67.9 million (US$33.5 million in 1H15) and dividends paid of US$24.8 million (US$22.1 million in 1H15).

The Group maintained a strong balance sheet. Cash, cash equivalents and short-term investments (together defined as "short-term funds") as at 30 June 2016 amounted to US$701.2 million, a 47.4% increase compared to the US$475.7 million in short term funds at the end of June 2015 and a 40.2% increase over the year-end total ofUS$500.1 million. Taking into account the short-term funds of US$701.2 million and the US$796.5 million amortised cost of the Senior Notes, Fresnillo plc's net debt was US$95.3 million as at 30 June 2016.

The Board of Directors has declared an interim dividend of 8.6 US cents per share totaling US$63.4 million which will be paid on 9 September 2016 to shareholders on the register on 12 August 2016. This decision was made after a comprehensive review of the Company's and Group's financial situation, assuring that the Group is well placed to meet its current and future financial requirements, including its development and exploration projects. Fresnillo plc's existing dividend policy, which takes into account the profitability of the business and underlying earnings, as well as our capital requirements and cash flows while maintaining an appropriate level of dividend cover, remains in place. To reiterate the policy, a total dividend of between 33 and 50 percent of profit after tax is paid out each year in the approximate proportion of one-third to be paid as an interim dividend, two-thirds to be paid as a final dividend.

Growth

Fresnillo plc remains committed to disciplined and sustainable profitability. Our high quality growth pipeline allows us to focus on projects with the potential to be developed into world class low-cost mines. During the first half, construction of the leaching plant at our San Julián mine was completed on time and on budget. As previously reported, we expect to re-start feeding ore to the mill in the coming days, post a minor issue with the lubrication system at the mill. Phase 2, the flotation plant, remains on track for commissioning in the fourth quarter of 2016.

As a result of the improved market conditions in the first half of 2016 and the Group's solid financial position, the Board approved the resumption of the Pyrites plant project. The Centauro Extension project was also approved during the period, encompassing a second line at the Dynamic Leaching Plant at Herradura. We expect the commissioning of both projects in 2018.

In exploration, interesting drill results were obtained at San Julián, Guanajuato and Fresnillo, whilst channel sampling and mapping of cross-cuts at the Centauro Deep and Orisyvo advanced exploration projects continued.

We continue to expect full year 2016 capital expenditure and total exploration investment of around US$600 million and US$135-140 million respectively, as spend will be weighted towards the second half of 2016.

Outlook

Our proven strategy remains consistent: we invest through the cycle, balancing growth with returns. Our operating mines provide a solid platform for growth, which we are set to deliver through our development projects and our investment in exploration to extend our growth pipeline. This is achieved within the context of a maturing sustainability framework.

Precious metals prices have seen a strong recovery since the start of the year, particularly post the UK referendum on departing the European Union. However, the sustainability of any rally in gold and silver prices will always remain uncertain. We therefore maintain our Contingency Plan which was put in place at the beginning of the year. To that end, growth projects will continue to be evaluated against a range of metrics before final investment decisions are made: operational circumstances, technical justification, the pricing backdrop, and our financial position.

Our high quality, low cost assets, and significant quality growth pipeline, combined with our balance sheet strength, leave us well placed to perform throughout the cycle.

We remain on track to meet our 2018 silver production target of 65 million ounces, having already surpassed our 2018 gold target of 750 thousand ounces.

Presentation for Analysts
Octavio Alvídrez, Chief Executive Officer and Mario Arreguín, Chief Financial Officer, will host a presentation for analysts on Tuesday 2nd August at 9am (BST) at Bank of America Merrill Lynch, 2 King Edward St, London EC1A 1HQ

For analysts unable to attend dial in details are:
Dial-in number: +44 (0) 20 3059 8125
Password: Fresnillo Interim Results 2016

A webcast can be accessed at: www.fresnilloplc.com

For further information, please visit our website: www.fresnilloplc.com or contact:

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About Fresnillo plc

Fresnillo plc is the world's largest primary silver producer and Mexico's second largest gold producer, listed on the London and Mexican Stock Exchanges under the symbol FRES.

Fresnillo plc has six operating mines, all of them in Mexico - Fresnillo, Saucito, Ciénega (including the San Ramón satellite mine), Herradura, Soledad-Dipolos[1] and Noche Buena, two development projects - San Julián and the Pyrites plant, and four advanced exploration prospects - Orisyvo, Juanicipio, Las Casas Rosario & Cluster Cebollitas and

Centauro Deep, as well as a number of other long term exploration prospects. In total, Fresnillo plc has mining concessions covering approximately 2 million hectares in Mexico.

Fresnillo plc has a strong and long tradition of mining, a proven track record of mine development, reserve replacement, and production costs in the lowest quartile of the cost curve for silver.

Fresnillo plc's goal is to maintain the Group's position as the world's largest primary silver company, producing 65 million ounces of silver per year by 2018, having already surpassed the gold target of 750,000 ounces.

Forward Looking Statements

Information contained in this announcement may include 'forward-looking statements'. All statements other than statements of historical facts included herein, including, without limitation, those regarding the Fresnillo Group's intentions, beliefs or current expectations concerning, amongst other things, the Fresnillo Group's results of operations, financial position, liquidity, prospects, growth, strategies and the silver and gold industries are forward-looking statements. Such forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Fresnillo Group's operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the US dollar and Mexican Peso exchanges rates), the Fresnillo Group's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, changes in its business strategy and political and economic uncertainty.

[1] Operations at Soledad-Dipolos are currently suspended.

Operational Review

Production

Production	H1 2016	H1 2015	% change
Silver (koz)	22,824	21,630	5.5
Silverstream prod'n (koz)	2,388	2,141	11.5
Total Silver prod'n (koz)	25,212	23,771	6.1
Gold (oz)	447,569	364,020	23.0
Lead (t)	22,668	19,259	17.7
Zinc (t)	25,380	20,438	24.2

First half 2016 silver production (including Silverstream) increased 6.1% on 1H15, mainly as a result of: i) the higher ore grades at Fresnillo as a result of regained access to the higher ore grade areas of the San Carlos and San Alberto veins; ii) higher silver ore grades at the Rosario and Las Casas areas of Ciénega; and iii) increased ore throughput at Saucito.

First half 2016 gold production increased 23.0% on 1H15, due to higher volumes of ore processed and higher speeds of recovery at Herradura, as well as higher speeds of recovery at Noche Buena. These factors were partially offset by the lower ore grade at Ciénega due to the depletion of some high grade stopes, lower ore grades at the Rosario and Las Casas areas and increased dilution due to the narrowing of some veins.

First half by-product lead production increased 17.7% on 1H15 mainly as a result of higher ore grades at Fresnillo and Ciénega and increased ore throughput at Saucito.

First half by-product zinc production increased 24.2% on 1H15 as a result of higher ore grades at Fresnillo and Ciénega and increased volumes processed and recovery rates at Saucito.

As a result of our first half results and our confidence in second half performance, we have raised our full year gold guidance to 850-870 koz from 775-790 koz. We remain on track to meet our 2016 silver production guidance of 49-51 moz (including Silverstream).

Fresnillo mine production

	H1 2016	H1 2015	% change
Ore Processed (t)	1,189,637	1,206,441	-1.4
Production			
Silver (koz)	8,285	7,831	5.8
Gold (oz)	20,631	15,092	36.7
Lead (t)	9,543	7,005	36.2
Zinc (t)	10,952	8,206	33.5
Ore Grades			
Silver (g/t)	234	220	6.6
Gold (g/t)	0.70	0.50	39.0
Lead (%)	0.89	0.65	37.4
Zinc (%)	1.36	1.04	31.0

First half silver production increased 5.8% on 1H15 as a result of higher ore grades (up 6.6%) due to the regained access to higher grade areas at the San Carlos and San Alberto veins. This more than offset the lower ore processed due to a reduction in the availability of mining equipment caused by maintenance delays during the second quarter, and preparation of additional production stopes. Steps have been taken to solve these problems, and equipment availability is back to normal rates.

The turnaround plan at Fresnillo continues to progress, and the medium term trend remains positive, despite the expected short term fluctuations as we consolidate the improvements already made. We expect full year silver production at this mine to show an increase of around 6% compared to 2015.

In the second half of 2016 we expect an average silver ore grade of around 235 g/t.

First half by-product gold and lead production increased 36.7% and 36.2% respectively on 1H15 as a result of a higher ore grades.

First half by-product zinc production increased 33.5% on 1H15 due to a higher ore grade and recovery rate.

Saucito mine production

	H1 2016	H1 201

http://otp.investis.com/clients/uk/fresnillo1/rns/regulatory-story.aspx?cid=191&newsid=768999

Grupo Mexico (GMEXICOB)

About GMexico

GMexico ranks among the most important companies in Mexico, Peru, and the US, and it is one of the major copper producers in the world. It additionally incorporates the largest multimodal rail service in México and a substantial Infrastructure Development Division with attractive growth prospects.

The company is listed on the Mexican Stock Exchange since 1978 and is one of the most traded stocks in the exchange.

GMexico is a holding company whose main activities are in the mining-metallurgic industry, the exploration, exploitation, and benefit of metallic and non-metallic ores, multimodal freight railroad service, and infrastructure development.

- GMexico's principal subsidiaries are:
- Mining Division
- Transportation Division
- Infrastructure Division

Since its creation over 70 years ago, the companies that comprise GMexico have shown a particular interest in preserving the environment and the social and economic development of our neighbor communities.

This is why our companies have remained on the cutting edge of technology, renewing and making ongoing adjustments to make their operations sustainable.

http://www.gmexico.com/

Where we operate

GMexico is a holding company, whose principal operations consist of mining, railroad service, and infrastructure with its headquarters in Mexico City.

Mining Division

GMexico operates large mining complexes with long useful lifetime that are geographically diverse (US, Mexico, and Peru), and with significant proven and probable reserves of copper and molybdenum. GMexico has various expansion and growth projects in the copper industry.

Some of GMexico's important assets include the mine complex at Buenavista, which has the largest copper reserve in the world; and also Toquepala and Cuajone in Peru. Explorations are ongoing in Mexico, Peru, and Chile.

Transportation Division

Ferromex began operations in 1998 and is currently the largest railroad operator in Mexico, both in terms of coverage and fleet size. Ferromex connects to 5 border crossings and 6 important ports: 4 on the Pacific and 2 others on the Gulf of Mexico.

Infrastructure Division

GMexico began its operations in the construction industry and has remained active in this area since 1942. Throughout its history, GMexico has participated in both public and private infrastructure projects, the construction of hydroelectric dams and storage, roadways, and railroad and mining projects, among others.

http://www.gmexico.com/en/about-us/where-we-operate

RESULTS Fourth Quarter 2015

Mexico City, February 10, 2016—Grupo México, S.A.B. de C.V. ("Grupo México" "GMéxico" - BMV: GMEXICOB).

- Accumulated consolidated sales in 2015 totaled US$8.175 billion, 12% less than in 2014. The Mining Division's total sales fell by US$1.112 billion due to lower metal prices. Of the contraction in sales, US$1.639 billion were due to lower metal prices: copper (-20%), molybdenum (-42%), zinc (-11%), and silver (-18%), this effect was partially offset by a positive impact of US$656 million due to higher production in copper (+7%), silver (+3%), and gold (+12%), coming mainly from our Buenavista mine expansions. In the Transportation Division, the volume in tons/km rose 5% compared to 2014; however, a 19% depreciation of the peso vs. the USD had a negative effect on sales, which dropped 3%. In the Infrastructure Division, sales rose by US$56 million (+10%) given the start of operations of the "Campeche" platform, the second combined cycle 250MW plant, and section II of the Salamanca-Leon Highway.

- Accumulated cost of sales in 2015 reached US$4.767 billion, 5% less than the sum accrued in 2014. In the Mining Division, we consolidated our position as the lowest cost copper producer worldwide, our costs were 2% lower thanks to operating efficiencies and the new low-cost production of the Buenavista expansions. In the Transportation Division, costs decreased 7% due to higher productivity. In the Infrastructure Division, cost of sales declined 13% given lower energy costs.

- Accumulated EBITDA in 2015 reached US$3.014 billion, 21% below the figure accrued in 2014, mainly due to the drop in metal prices. Accumulated EBITDA in the Mining Division reached US$2.03 billion with a 34% margin. Accrued EBITDA in the Transportation Division reached US$695 million with a 38% margin. The Infrastructure Division achieved an accumulated EBITDA of US$303 million with a 49% margin.

- Accumulated net consolidated profit in 2015 totaled US$1.058 billion, implying a 38% drop when compared to the 2014 figure, mainly because of lower metal prices.

- Accumulated Capital investments totaled US$1.691 billion in 2015.

- On January 29, 2016, the Board of Directors declared the payment of a cash dividend of P$0.10 per share outstanding, to be made in a single installment as of February 15, 2016.

Highlights by Division Mining Division

The Mining Division continues to grow.- In 2015, copper production increased 7%, by 58,304 tons, mainly because of a 26% hike in production in Buenavista. In the year, our gold and silver production rose 3% and 12% due to the entry of new production at Buenavista. The increase in low-cost production not only has a positive effect on our volumes, but it also favors our cost structure, which helps us to strengthen our privileged position as low-cost producers.

In 2016, our current plan states an increase in production to 1,046,000 tons, implying 14% growth and a new record for the Company. In 2015-16, the Mining Division will increase its copper production by nearly 200,000 tons. Moreover, in 2016, we will have a greater production of zinc and silver byproducts. Zinc production will increase by 41%, while silver production will hike by 19%.

Buenavista Expansion Completed.- Our expansion program has been completed within the budget. We have invested US$3 billion from the US$3.5 billion expansion program, which translates into nearly 90% progress. We expect a copper production of 460,000 tons in 2016, and 500,000 tons in 2017. The concentrator plant is in the ramp-up process, operating at 90% capacity with 5 of its 6 mills in operation. In September, the first copper concentrate was obtained, and thanks to the good initial results, a gradual increase is expected, until the plant reaches its full capacity by 2Q16.

Toquepala expansion begins.-On April 14, 2015, the construction permit for the Toquepala expansion project was approved, allowing us to continue its development. We had previously received the approval of the Environmental Impact Assessment confirming that our project complies with the highest environmental standards of the Peruvian authorities, which corroborates our position as a sustainable company. The work of removing soil has begun, as has the process of placing purchase orders for the main equipment. Once the expansion is completed, annual copper production will increase to 100,000 tons, going from 135,000 tons in 2015 to 235,000 tons in 2018. This will also increase molybdenum production by 3,100 tons. The estimated capital investment is US$1.2 billion. The project should be completed by 1Q18.

Tia Maria Project.- On August 4, 2014, we obtained approval for the Environmental Impact Assessment of Tia Maria, but the issuance of the construction permit has been delayed by the government due to certain pressures from anti-mining groups.

In response to the above, the Company has established a multifaceted plan to explain the benefits of the project, so a national media campaign was set in motion in May 2015. The purpose of this campaign is to explain the relevant environmental issues of the project, as the anti-mining groups have mistakenly confused the community regarding the source of the water for the project, as well as regarding the alleged emissions into the atmosphere. This project will use SX/EW technology, which has the highest environmental standards. SX/EW technology is the most environmentally friendly due to their technical process and consequently, no emissions are released into the atmosphere. Moreover, the project will use 100% seawater that will be transported over 25 kilometers to an altitude of 1,000 meters above sea level. In this manner, the Company guarantees that the water resources of the Tambo River and the water resources from the wells of the area will be used exclusively for farming and human consumption, as it has been done until today

Start of exploration campaign for Aznalcollar project in 1Q16.- In November 2015, the Regional Government of Andalucía issued a definitive ruling on the awarding of the Aznalcollar mine (Seville, Spain) to Grupo Mexico as a conclusion to the international public bidding held. The decision was accompanied by the notice of the filing of the case regarding the awarding, initiated by the company that lost the bidding. Grupo Mexico values these decisions positively, as they endorse the fact that the process was correct, transparent, and fully within the law.

The Aznalcollar mining project represents Grupo Mexico's first venture into Europe, and offers the potential of doubling the Company's current zinc production. The resolution of the Regional Government of Andalucía led to the granting of the exploration permit and the concession to exploit mining resources on behalf of our Spanish subsidiary, Minera Los Frailes, the yielding of facilities and land related to the Aznalcollar mining area, and the start of all necessary paperwork to reinitiate the activity. GMexico expects to begin the exploration campaign towards the end of 1Q16; the project's estimated investment totals €220 million over the next 4 years.

Closing operations in Hayden.- In recent days, we communicated to the union, in compliance with the Workers Adjustment and Retraining Notification Act (WARN ACT), the closing of operations of our Hayden unit, which has a capacity of 30,000 tons, and a reduction of 165 workers in our headcount to improve our cost structure.

Transportation Division

The Transportation division continues to grow.- Comparing the fourth quarter of 2015 to the same period a year earlier, traffic volumes grew 5%; operating profit 7%; and EBITDA 3%. All of this, notwithstanding a 19.2% devaluation in the peso-USD parity.

Growth in cross-border exchanges.- During 2015, cross-border exchanges of cars with US railways grew 6.2%, achieving a 52% share, thanks to the increasing export of automotive vehicles, consumer products, and railway equipment, as well as greater imports of agricultural products.

Growth in the Intermodal Segment.- This segment grew 13% in terms of loaded cars compared to a year earlier. The cross-border service increased 37% in container volumes, due to new traffic, mainly of auto parts and household appliances. In addition, volumes of import products transported in 4Q15 from the Manzanillo and Veracruz ports to Mexico City rose 6% and 27%, respectively.

In November 2015, a new cross-border service was started with Union Pacific, covering the SilaoChicago-Memphis route, with potential to move 60,000 annual containers, servicing the automotive sector with auto parts imports and finished product exports.

Growth in the Automotive Segment.- After the start of operations of 3 assembly plants in 2014, vehicle production nationwide grew 5.6% in 2015; thus, the number of cars transported in the segment increased by 12%.

Recovery of the farming segment.-The segment showed accrued growth of 11% in loaded cars compared to the previous year. The movement of agricultural products, both as imports or from national harvests, has intensified.

Growth in the Metals Segment.- The segment shows accrued growth of 7% in cars loaded compared to the previous year, given a higher market share than automotive transportation of pipes and finished steel products for the domestic and export market, as well as higher volumes of scrap, pig iron, and slab through the Altamira and Veracruz ports.

Capital Investment.- The accumulated investment up to 4Q15 totaled US$378 million. This sum includes the purchase of locomotives and railcars, as well as infrastructure projects. This has helped us to meet the rise in transported volumes and improve our operating efficiency.

Infrastructure Division

Greater energy sales.- During 4Q15, energy sales totaled US$108 million—125% more than in the same period of the previous year, given a greater production of energy at the Combined Cycle plant, due to higher demand from the Buenavista del Cobre Concentrator Plant. In its second year of operation, 2015 sales hit a record of US$240.7 million, 25% more than a year earlier. EBITDA reached US$117 million, 87% more than in the previous year.

Good flow on the Salamanca-Leon Highway.- As a result of the startup of section II of the SalamancaLeon highway in August 2015, this main road axis of the Bajio region, built with the greatest automation, achieved a significant average flow of 7,385 daily vehicles in 2015. For 2016, we expect a 30% increase in traffic, once the SCT authorizes the access road to Leon, the branch to Puerto Interior, and the one to Silao.

Outstanding result in Construction and Engineering.- The Construction branch reported record revenues amounting to US$184.3 million with a US$68 million EBITDA—9% and 60% increases, respectively, from the previous year. Work is being done on four contracts in Buenavista del Cobre for the construction, maintenance, and reinforcement of the edges of the tailings dam and a new tailings dam, and the expansion of the gauges of 15 railway tunnels on the “T” Tepic-Guadalajara line. Grupo México Servicios de Ingeniería (GMSI) reported in 2015 an EBITDA of $6.3 million, 526% greater than a year earlier, and a 977% increase in net profit for the same period. Complementary detailed engineering to expand the copper concentrator plant to 120,000 MTPD, and detailed engineering at the Toquepala, Peru, mine, reporting 60% progress on the works.

Zacatecas Jack-up. - In December, we succeeded in signing the extension of the term of the contract until August 2016, exploratory well Petlani-1 was assigned to it.

Modular Jack-ups. - The "Veracruz" modular platform, with a drilling capacity of 25,000 feet, is set up on Pemex's Ayatzil A platform, and began operations on October 15, 2015. The "Tamaulipas" modular platform is fully finished and the tests have concluded. We are awaiting its location to be assigned in order to begin its installation.

Mining Division Americas Mining Corporation Financial Highlights

Cash Cost In 2015, operating cash cost per pound of copper, excluding byproducts, was US$1.73, below the US$1.98 accrued in 2014 (-13%). The reduction was mainly due to lower fuel and electric energy costs, as well as greater low-cost production from the Buenavista expansions. In 2015, operating cash costs per pound of copper, net of byproducts, reached US$1.28, vs. US$1.33 in the same period a year earlier. This was despite the sharp drop in the prices of byproducts molybdenum (-42%) and silver (-18%). For the future , we expect a greater reduction in our costs mainly driven by the start of operation of the Buenavista concentrator and our expansion in Toquepala, as well as the shutdown of the Hayden operations, which currently have a cash cost of US$2.28 per pound of copper. This will result in a reduction in our operating cash cost per pound of copper , net of by-products, from US $1.28 to US $1.10.

Projects

Capital Investments.- In 4Q15, US$318 million were invested in the Mining Division, accumulating US$1.223 billion. In the year, US$748 million have been devoted to projects in Mexico and US$382 million to projects in Peru.

Projects in Mexico

Buenavista projects.- We have invested US$3 billion from our investment program of US$3.50 billion for this mine to increase copper production capacity by roughly 180% to 500,000 tons per year, and our molybdenum production by 42%.

The new Copper and Molybdenum Concentrator has an annual production capacity of 188,000 tons of copper and 2,600 tons of molybdenum. The project will also produce 2.3 million ounces of silver and 21,000 ounces of gold annually. The plant is operating at 90% capacity with 5 out of the 6 mills in operation and the other one in commissioning phase. The first copper concentrate was obtained in September and due to the promising initial results, it is expected to gradually increase production until the plant achieves its expected capacity by 2Q16. The project shows 99% progress with an investment of US$1.162 billion of the total budget of US$1.384 billion.

SX/EW III Plant.- Mexican authorities approved the start of operations of Tinajas 1 (leaching pad), which will enable the SX/EW III plant to achieve its maximum annual production capacity of 120,000 tons of copper cathodes in 1Q16. A total of US$525 million have been invested, including necessary infrastructure.

Crushing, Conveying and Spreading System for Leachable Ore (Quebalix IV).- This project's main objective is to reduce processing time as well as mining and hauling costs. It will also increase production by improving SX-EW copper recovery. It has a crushing and conveying capacity of 80 million tons per year and is expected to be completed by the 2Q16. The project has 87% progress, with an investment of $209 million out of the approved budget of $340 million.

Infrastructure. - The remaining projects, which complete the investment program, include the necessary infrastructure (power lines and substations, water supply, tailings dam, mine equipment shops, internal roads, etc.).

Projects in Peru Toquepala Projects.- During 2015, we had invested US$392 million out of an estimated total of US$1.2 billion in the Toquepala projects. We estimate that the project will produce 100,000 additional tons of copper, taking the mine's copper capacity from 135,000 tons in 2015 to 235,000 tons by 2018, it will also increase its molybdenum production by 3,100 tons by 2018. Production should begin by 1Q18.

Cuajone Projects. - The In-Pit Crushing and Conveyor (IPCC) Project consists of installing a primary crusher at the Cuajone mine pit with a conveyor system for moving the ore to the concentrator. The project aims to optimize the

hauling process by replacing rail haulage, thereby reducing operating and maintenance costs as well as the environmental impact of the Cuajone mine. The crusher will have a processing capacity of 43.8 million tons per year. We are completing the detailed engineering. The main components, including the crusher and the overland belt, have been acquired and we have started the preparation of the land and civil works. As of December31, 2015, we have invested US$80 million in this project out of the approved capital budget of US$165.5 million. The project is expected to be completed by the first quarter of 2017.

Transportation Division Financial Highlights

The Transportation Division's total revenues accumulated up to 4Q15 amounted to US$1.891 billion, 3.4% lower than in the same period of 2014. This is due to the conversion effect resulting from a 19.2% devaluation of the peso vs. the USD. Revenues in pesos showed an accumulated increase of 15.2% in 2015 compared to last year's results.

Accumulated volumes transported in 2015 show 5% growth in tons per km. and 4% in loaded cars transported compared to the same period of 2014.

The segments with the highest growth in tons per km were: Metals (21%) as a result of greater penetration in the traffic of the segment and a decrease in steel prices, which has increased exports and imports of both raw materials and finished products; Agriculture (11%), given the increase in the traffic of both national and import harvests; Automotive (10%), given the movement of vehicles as a result of increases in assembly plants' production; Intermodal (9%) given traffic growth at the Manzanillo and Veracruz ports, as well as the cross-border corridors in Piedras Negras and Ciudad Juarez, connecting with US railways.

EBITDA accumulated up to December 2015 grew 3% compared to the same period of 2014, from US$675.8 million to US$695.2 million. Margin improved by 2.3 percentage points, from 34.5% to 36.8% year over year. EBITDA growth expressed in pesos was 23% in the period accumulated up to December 2015, compared to 2014.

Capital Investment.- The accumulated investment up to 4Q15 totaled US$378 million. This sum includes the purchase of locomotives and railcars, as well as infrastructure projects. This has helped us to face the rise in transported volumes and improve our operating efficiency

Infrastructure Division MPD Financial Highlights

Throughout 2015, accumulated consolidated sales totaled US$616 million, 10% more than in 2014. The Division's accrued EBITDA totaled US$302 million, representing a 46% increase vs. the same period a year earlier.

Capital investments.- Up to December 2015, we have invested US$89.6 million in the Infrastructure Division. Among the investments, we should note the US$60 million for new modular platform Tamaulipas. Furthermore, in 2015, we invested US$90.2 million in the Salamanca-Leon highway, recorded under other assets.

Company Profile

Grupo Mexico "GMéxico" is a holding company whose main activities are: (i) mining, where it is one of the largest integrated copper producers worldwide; (ii) the vastest railway system in Mexico; and (iii) engineering, procuring, construction, and drilling services. These business lines are grouped under the following subsidiaries:

GMexico's Mining Division is represented by its subsidiary Americas Mining Corporation ("AMC"), whose main subsidiaries are Southern Copper Corporation ("SCC") in Mexico and Peru, and Asarco in the USA. Both companies together hold the largest copper reserves in the world. SCC trades on the New York and Lima stock exchanges. SCC's shareholders, directly or through subsidiaries, are: GMexico (88.8%) and other shareholders (11.2%). It has mines, metallurgical plants and exploration projects in Peru, Mexico, the USA, Chile, Argentina, and Ecuador. Asarco was reincorporated into GMexico on December 9, 2009. It has 3 mines and 1 smelting plant in Arizona, and 1 refinery in

Texas. GMexico's Transportation Division is represented by its subsidiary Infraestructura y Transportes México, S.A. de C.V. ("ITM") and FM Rail Holding S.A. de C.V. ("FM Rail Holding"). Its main subsidiaries are Grupo Ferroviario Mexicano, S.A. de C.V. ("GFM"), Ferrocarril Mexicano, S.A. de C.V. ("Ferromex"), Ferrosur, S. A. de C. V. ("Ferrosur"), Intermodal México, S.A. de C.V., and Texas Pacifico, LP, Inc. Ferromex is the largest railway company and has the largest coverage in Mexico. Its network spans 8,111 km. of railways covering roughly 71% of the Mexican territory.

Ferromex's lines connect at five border points with the USA, as well as at four ports on the Pacific Coast, and two on the Gulf of Mexico. GMexico holds 55.% of Ferromex, Union Pacific holds 26%, and Grupo Carso-Sinca Inbursa, 18.5%. Ferrosur's railway network spans 1,549 km. covering the center and southeast of the country. It serves the states of Tlaxcala, Puebla, Veracruz, and Oaxaca, mainly, and has access to the Veracruz and Coatzacoalcos ports in the Gulf of Mexico. GMexico holds 74.99% of Ferrosur, and Grupo Carso-Sinca Inbursa holds 25.01%. GMexico's Infrastructure Division is represented by its subsidiary México Proyectos y Desarrollos, S.A. de C.V. ("MPD"). Its main subsidiaries are México Compañía Constructora, S.A. de C.V. ("MCC"), Servicios de Ingeniería Consutec, S.A. de C.V. ("Consutec"), Compañía Perforadora México, S.A.P.I. de C.V. ("La México"), and México Generadora de Energía ("MGE"). MPD, La México, MCC, Consutec, and MGE are all 100% controlled by GMéxico. MPD and MCC participate in engineering, procuring, and construction activities for infrastructure works. Consutec's business line is integrated project engineering. La Mexico offers drilling services for oil and water exploration, and related added value services, such as cementation engineering, and directional drilling. MGE is active in the construction and services to combined cycle energy plants.

This report includes certain estimates and future projections that are subject to risks and uncertainty of their real results, which could differ significantly from the figures expressed. Many of these risks and uncertainty are related to risk factors that GMexico cannot control or estimate precisely, such as future market conditions, metal prices, the performance of other market participants, and the actions of government regulators, all of which are described in detail in the Company's annual report. GMexico accepts no obligation to publish a revision of these future projections to reflect events or circumstances that may take place following the release of this report.

http://www.gmexico.com/images/4Q15/CEO%20Report%204Q15.pdf

Minera San Xavier / New Gold (AUTLANB)

About Us

New Gold is an intermediate gold mining company.The company has a 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, provide the company with its current production base. In addition, New Gold owns 100% of the Rainy River and Blackwater projects, both in Canada, as well as a 4% gold stream on the El Morro project located in Chile. New Gold's objective is to be the leading intermediate gold producer, focused on the environment and social responsibility.

Minera San Xavier

Minera San Xavier, S.A. de C.V. es una empresa mexicana —subsidiaria de New Gold, Inc—con operaciones en Cerro de San Pedro, San Luis Potosí. Nuestra misión es llevar a cabo procesos minero–metalúrgicos que permitan generar un negocio rentable, cuidando el medio ambiente y el patrimonio cultural, buscando el bienestar de nuestros trabajadores y sus familias, y contribuyendo al desarrollo sostenible del entorno en el cual operamos.
El desempeño de Minera San Xavier ha sido ampliamente reconocido y contamos con los siguientes sellos:

- Certificación y recertificación ISO 14001:2004 del Sistema de Administración Ambiental
- Certificación ISO 9001:2008 en los Procesos de Beneficio de Minerales

- Distintivo ESR “Empresa Socialmente Responsable” por 4 años consecutivos, otorgado por el Centro Mexicano para la Filantropía
- Reconocimiento como “Empresa Segura” de tercer nivel (más alto) por la Secretaría del Trabajo y Previsión Social por la implementación de Sistemas de Administración en Seguridad y Salud en el Trabajo

http://www.newgold.com/

New Gold Delivers Higher 2016 Second Quarter Cash Flow and Significantly Lowers Full-Year Cost Guidance

07/27/2016

(All dollar figures are in US dollars unless otherwise indicated)

TORONTO, July 27, 2016 /CNW/ - New Gold Inc. ("New Gold") (TSX:NGD) (NYSE MKT:NGD) today announces its 2016 second quarter results and provides an update on the construction of the company's Rainy River project.

2016 SECOND QUARTER HIGHLIGHTS

- Gold production of 99,423 ounces increased by 15% relative to 2015 and copper production of 25.7 million pounds increased by 9%
- All-in sustaining costs(1) decreased to $717 per ounce, including total cash costs(2) of $334 per ounce
  - All four operations generated free cash flow during the quarter
- Cash generated from operations before changes in non-cash operating working capital(3) of $82 million, a 31% increase compared to 2015
- Cash generated from operations of $79 million, a 39% increase from 2015
- Adjusted net earnings(4) of $14 million, or $0.03 per share, relative to an adjusted net loss of $1 million, or nil per share, in 2015
- Net loss of $9 million, or $0.02 per share, compared to net earnings of $9 million, or $0.02 per share, in 2015
- Rainy River construction approximately 40% complete at June 30, 2016 with $107 million in capital expenditures during the quarter
- June 30, 2016 cash and equivalents of $220 million

"We are proud to have delivered such strong second quarter results," stated Randall Oliphant, Executive Chairman. "The combination of higher production, lower costs and improved gold prices enabled us to generate a 39% increase in our cash flow. We are on track to meet our full-year gold production guidance and pleased to be in a position to lower our cost guidance. We look forward to a strong finish to the year."

"At the same time, our Rainy River project is moving ever closer to production. The construction of the processing facilities and initial mining activities are both going very well and we are making good progress in resolving the challenge we encountered earlier this year related to the ground conditions at the water and tailings management facilities," added Mr. Oliphant.

CONSOLIDATED YEAR-TO-DATE OPERATIONAL RESULTS AND 2016 GUIDANCE

Consistent with the expectations the company outlined as part of its first quarter results, gold production increased quarter over quarter, resulting in consolidated gold production of 190,234 ounces in the first six months of 2016 which was 5% higher than the same period of the prior year. As a result of the company's strong first half production, New Gold is well positioned to meet its full-year gold production guidance of 360,000 to 400,000 ounces. At the same time, the company's first half copper production of 51.1 million pounds was higher than planned, increasing by 10% relative to the prior-year period, and New Gold now anticipates it will exceed the high end of its full-year copper production guidance of 81.0 to 93.0 million pounds. Consolidated full-year silver production is expected to be at, or slightly below, the low end of the guidance range of 1.6 to 1.8 million ounces.

For the six-month period ended June 30, 2016, New Gold's all-in sustaining costs of $736 per ounce and total cash costs of $343 per ounce were both well below the prior year and are tracking below the company's 2016 cost guidance. The $233 per ounce decrease in all-in sustaining costs relative to the first half of 2015 was attributable to the combination of a $106 per ounce decrease in total cash costs and a $125 per ounce, or $20 million, decrease in the company's consolidated sustaining costs[(1)], which include New Gold's cumulative sustaining capital, exploration, general and administrative, and amortization of reclamation expenditures.

Based on New Gold's first half operating results, and assuming current commodity prices and foreign exchange rates, the company now expects its 2016 full-year total cash costs to be $360 to $400 per ounce, a $75 per ounce reduction from the company's original guidance range of $435 to $475 per ounce. As total cash costs form a component of all-in sustaining costs, New Gold similarly expects a $75 per ounce reduction from its 2016 full-year all-in sustaining costs to approximately $750 to $790 per ounce as compared to the company's original guidance range of $825 to $865 per ounce.

NEW GOLD SUMMARY OPERATIONAL RESULTS

	Three months ended June 30		**Six months ended June 30**	
	2016	**2015**	**2016**	**2015**
GOLD PRODUCTION (thousand ounces)				
New Afton	25.3	24.4	50.4	48.3
Mesquite	25.6	22.5	52.9	48.2
Peak Mines	31.3	14.9	50.9	34.3
Cerro San Pedro	17.3	24.7	36.1	50.6
Total Gold Production	**99.4**	86.4	**190.2**	181.4
Total Gold Sales (thousand ounces)	101.8	87.8	187.9	180.2
Average Realized Gold Price per ounce[(5)]	$1,267	$1,191	$1,239	$1,210

COPPER PRODUCTION (million pounds)				
New Afton	22.1	19.9	44.5	39.5
Peak Mines	3.6	3.7	6.6	7.1
Total Copper Production	**25.7**	23.6	**51.1**	46.6
Total Copper Sales (million pounds)	25.2	23.7	50.4	45.8
Average Realized Copper Price per pound[5]	$2.14	$2.72	$2.14	$2.66
SILVER PRODUCTION (million ounces)				
New Afton	0.1	0.1	0.1	0.1
Cerro San Pedro	0.2	0.3	0.5	0.6
Total Silver Production	**0.3**	0.4	**0.7**	0.8
Total Silver Sales (million ounces)	0.3	0.4	0.7	0.8
Average Realized Silver Price per ounce[5]	$17.39	$16.23	$15.96	$16.41
TOTAL CASH COSTS[2]($ per ounce)				
New Afton	($547)	($940)	($593)	($889)
Mesquite	611	839	618	867
Peak Mines	521	1,157	620	974
Cerro San Pedro	898	879	917	944
Total Cash Costs[2]	**$334**	$410	**$343**	$449
All-IN SUSTAINING COSTS[1]($ per ounce)				
New Afton	($131)	($235)	($198)	($295)
Mesquite	999	1,533	1,044	1,632
Peak Mines	706	1,549	827	1,337

Cerro San Pedro	941	889	947	955
All-in Sustaining Costs[1]	**$717**	$922	**$736**	$969

2016 SECOND QUARTER CONSOLIDATED OPERATIONAL RESULTS

New Gold's second quarter gold production increased by 15% to 99,423 ounces when compared to the prior-year quarter. The increase in quarterly gold production was attributable to New Afton, Mesquite and the Peak Mines all delivering higher production. This was only partially offset by planned lower production from Cerro San Pedro as the mine was in its final months of active mining. Quarterly copper production also increased by 9% to 25.7 million pounds when compared to the second quarter of 2015. Silver production of 0.3 million ounces remained in line with 2015.

During the second quarter, all four of New Gold's operations delivered production at all-in sustaining costs below$1,000 per ounce. As a result of this strong performance, consolidated second quarter all-in sustaining costs of $717per ounce decreased by $205 per ounce relative to the second quarter of 2015. The significant decrease in all-in sustaining costs relative to the prior-year quarter was attributable to the combination of a $76 per ounce decrease in total cash costs to $334 per ounce and a $129 per ounce, or $6 million, decrease in the company's consolidated sustaining costs. The decrease in total cash costs was driven by the combined benefit of higher gold production, the depreciation of the Canadian and Australian dollars and New Gold's business improvement initiatives more than offsetting the impact of lower by-product revenues resulting from lower realized copper prices[5].

New Afton

Gold production at New Afton during the second quarter increased to 25,287 ounces. The increase relative to the prior-year quarter was due to a 16% increase in mill throughput which more than offset a planned decrease in gold grade. Gold recoveries remained consistent at 83% despite the significant increase in throughput. New Afton's average mill throughput during the second quarter was 15,320 tonnes per day.

As a result of the continued strong throughput, New Afton's quarterly copper production increased by 11% to 22.1 million pounds when compared to the second quarter of 2015.

The $104 per ounce increase in New Afton's all-in sustaining costs to ($131) per ounce was attributable to the impact of lower by-product revenues only being partially offset by the combined benefit of higher gold production, the depreciation of the Canadian dollar relative to the U.S. dollar and a $6 million decrease in sustaining costs. New Afton's second quarter total cash costs of ($547) per ounce were impacted by a $6 million, or $406 per ounce, decrease in by-product revenues relative to the prior-year quarter as the benefit of higher copper sales volumes was more than offset by the decrease in the realized price. As a result of the depreciation of the Canadian dollar relative to the U.S. dollar, the mine's operating costs, including mining, processing and general and administrative costs, decreased to $17.33 per tonne in the second quarter relative to $18.82 per tonne in the prior-year quarter.

New Afton's second quarter co-product cash costs were $543 per ounce of gold and $0.91 per pound of copper relative to $466 per ounce and $1.06 per pound in the prior-year quarter. The mine's second quarter co-product all-in sustaining costs were $711 per ounce of gold and $1.19 per pound of copper relative to the prior-year quarterly all-in sustaining costs of $708 per ounce and $1.61 per pound.

For the six-month period ended June 30, 2016, New Afton's gold production increased to 50,355 ounces when compared to the same period of the prior year. The increase in production was attributable to the combination of higher throughput and recovery more than offsetting a planned decrease in gold grade.

Similarly, the mine's first half copper production increased by 13%, or 5.0 million pounds, to 44.5 million pounds primarily as a result of a 15% increase in mill throughput.

For the six-month period ended June 30, 2016, New Afton's all-in sustaining costs increased by $97 per ounce to($198) per ounce despite an $8 million, or $348 per ounce, decrease in by-product revenues relative to the first half of 2015 as a result of the decrease in the realized copper price. New Afton's first half sustaining costs decreased by $8 million to $20 million when compared to the first six months of 2015.

New Afton's first half co-product cash costs were $516 per ounce of gold and $0.89 per pound of copper relative to$480 per ounce and $1.04 per pound in the prior-year period. The mine's first half co-product all-in sustaining costs of$672 per ounce of gold and $1.16 per pound of copper were below the costs in the same prior-year period of $689 per ounce and $1.49 per pound.

Mesquite

Second quarter gold production at Mesquite increased by 14% to 25,564 ounces when compared to the prior-year quarter. The increase in production was primarily attributable to a 28% increase in gold grade which was only partially offset by a 13% decrease in ore tonnes mined and placed on the leach pad.

Mesquite's second quarter all-in sustaining costs of $999 per ounce and total cash costs of $611 per ounce were both significantly below the prior-year quarter. The mine's total cash costs benefitted from the combination of higher gold production and lower diesel prices. At the same time, Mesquite's quarterly sustaining costs decreased by $3 million, or$306 per ounce, to $12 million, which contributed to the $534 per ounce total decrease in all-in sustaining costs relative to the second quarter of 2015.

For the six-month period ended June 30, 2016, Mesquite's gold production increased by 10% to 52,935 ounces relative to the prior-year period. Mesquite's first half production benefitted from increased ore tonnes mined and placed on the leach pad as well as higher gold grade.

Mesquite's first half all-in sustaining costs of $1,044 per ounce and total cash costs of $618 per ounce were both significantly below the same period of the prior year. Mesquite's first half sustaining costs decreased by $14 million, or$339 per ounce, to $24 million, which led to a $588 per ounce total decrease in all-in sustaining costs relative to the six-month period ended June 30, 2015.

Peak Mines

Second quarter gold production at the Peak Mines of 31,285 ounces was more than double that of the prior-year quarter. The significant increase in gold production was attributable to the combination of higher gold grade and recovery which was only partially offset by lower throughput. Gold production in the prior-year quarter was well below average due to the impact of geotechnical challenges in the Peak Mines' most gold-rich ore body, Perseverance, which limited the amount of ore that was mined and processed from this area.

Quarterly copper production of 3.6 million pounds remained in line with the second quarter of 2015 as the impact of the decrease in throughput was offset by slight increases in both copper grade and recovery.

All-in sustaining costs at the Peak Mines decreased by $843 per ounce to $706 per ounce relative to the prior-year quarter. The decrease in all-in sustaining costs was a result of a $636 per ounce decrease in total cash costs to $521per ounce coupled with a $207 per ounce decrease in sustaining costs. The decrease in total cash costs was primarily attributable to the increase in production with costs also benefitting from the depreciation of the Australian dollar relative to the U.S. dollar. The decrease in costs was achieved despite by-product revenues decreasing by $4 million, or $505 per ounce, relative to the prior-year quarter primarily as a result of the decrease in the realized copper price.

For the six-month period ended June 30, 2016, gold production at the Peak Mines increased by 48% to 50,881 ounces relative to the prior-year period. The increase in gold production in the first half of 2016 was driven by an increase in gold grade and recovery for reasons consistent with those noted above for the second quarter.

First half copper production of 6.6 million pounds was slightly below that of the same period of the prior year as an 8% decrease in throughput was only partially offset by 2% increase in copper recovery while copper grade remained consistent.

All-in sustaining costs at the Peak Mines in the first half of 2016 decreased by $510 per ounce to $827 per ounce. The decrease in all-in sustaining costs was attributable to the combination of a $354 per ounce decrease in total cash costs and a $3 million, or $156 per ounce, decrease in sustaining costs. The decrease in total cash costs was driven by the increase in production as well as the depreciation of the Australian dollar relative to the U.S. dollar, which more than offset the impact of by-product revenues decreasing by $5 million, or $251 per ounce, relative the first half of 2015 primarily as a result of the decrease in the realized copper price.

Cerro San Pedro

Cerro San Pedro's second quarter gold production decreased to 17,287 ounces as planned. As the mine was in its final months of active mining, the ore tonnes mined and placed on the leach pad decreased significantly when compared to the prior-year quarter. Cerro San Pedro finished active mining in late June and has now transitioned to residual leaching.

Cerro San Pedro's second quarter silver production was 0.2 million ounces.

Cerro San Pedro's second quarter all-in sustaining costs of $941 per ounce increased slightly relative to the prior-year quarter, driven by a $19 per ounce increase in total cash costs to $898 per ounce. The increase in total cash costs was attributable to the lower gold production.

For the six-month period ended June 30, 2016, consistent with the company's expectations, gold production at Cerro San Pedro decreased to 36,063 ounces as the operation was in the final stages of active mining.

First half silver production of 0.5 million ounces remained in line with the same period of the prior year.

All-in sustaining costs at Cerro San Pedro in the first half of 2016 decreased by $8 per ounce to $947 per ounce. The decrease in all-in sustaining costs was attributable to a decrease in total cash costs resulting from a significant decrease in total tonnes moved in the first half of 2016 relative to the same period of the prior year.

"Our four operations had a very solid second quarter and first half of the year," stated David Schummer, Executive Vice President and Chief Operating Officer. "I am very proud of our operating teams. It is as a result of their efforts that we were able to reduce our cost guidance for the year."

FINANCIAL RESULTS

	Three months ended June 30		**Six months ended June 30**	
(in millions of U.S. dollars, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Revenues	$180.3	$167.7	$334.8	$336.6

Operating margin[6]	95.6	69.5	168.2	138.8
Adjusted net earnings/(loss)[4]	13.7	(1.3)	13.4	(6.4)
Adjusted net earnings/(loss) per share[4]	0.03	-	0.03	(0.01)
Net earnings/(loss)	(8.8)	9.4	18.0	(34.4)
Net earnings/(loss) per share	(0.02)	0.02	0.04	(0.07)
Cash generated from operations before changes in non-cash operating working capital[3]	82.4	62.7	144.5	130.1
Cash generated from operations	79.2	56.9	140.7	126.7

Second quarter revenues of $180 million increased by $13 million, or 8%, relative to 2015 as higher gold and copper sales volumes and a higher realized gold price more than offset a decrease in the realized copper price. Relative to the second quarter of 2015, the average realized price increased by $76 per ounce of gold, or 6%, and $1.16 per ounce of silver, or 7%, while the average realized price of copper decreased by $0.58 per pound, or 21%.

The company's second quarter operating margin[6] increased by $26 million, or 38%, relative to 2015 due the above-noted increase in revenues coupled with a $14 million decrease in the company's quarterly operating expenses. The decrease in operating expenses was attributable to the combined benefit of the depreciation of the Canadian and Australian dollars relative to the U.S. dollar, the planned slowdown of mining activity at Cerro San Pedro and the company's ongoing business improvement initiatives.

New Gold had adjusted net earnings of $14 million, or $0.03 per share, in the second quarter of 2016 relative to an adjusted net loss of $1 million, or $nil per share, in the prior-year quarter. The increase relative to the prior-year quarter was primarily attributable to the increase in operating margin noted above and an $8 million decrease in finance costs, which were only partially offset by an $11 million increase in depreciation and depletion expense and a cumulative $2 million increase in share-based payment and exploration and business development expenses. The decrease in finance costs was driven by a greater portion of the company's interest expense being capitalized against Rainy River.

The company reported a net loss of $9 million, or $0.02 per share, in the second quarter relative to net earnings of $9 million, or $0.02 per share, in the prior-year quarter. The change was primarily due to non-cash foreign exchange movements where the second quarter included a $5 million pre-tax foreign exchange loss while the prior-year quarter included a $4 million pre-tax foreign exchange gain. The second quarter of 2016 also included non-cash pre-tax losses of $10 million on the revaluation of the gold stream obligation and $8 million on the revaluation of the company's gold price options contracts, both of which did not have an impact on the prior-year quarterly earnings.

New Gold's second quarter cash generated from operations before changes in non-cash operating working capital increased by $20 million, or 31%, to $82 million. The increase relative to the second quarter of 2015 was primarily attributable to the company's strong operating performance and the higher realized gold price more than offsetting the decrease in the realized copper price. The company's cash generated from operations in the second quarter increased by $22 million, or 39%, to $79 million.

For the six-month period ended June 30, 2016, revenues of $335 million remained in line with the first half of 2015 as higher gold and copper sales volumes and a higher realized gold price offset a decrease in the realized copper price. Driven by a $31 million decrease in operating expenses, New Gold's first half operating margin increased by 21% to$168 million.

New Gold had adjusted net earnings of $13 million, or $0.03 per share, in the first half of 2016 relative to an adjusted net loss of $6 million, or $0.01 per share, in the prior-year period. The increase in earnings was attributable to the increase in operating margin and a $14 million decrease in finance costs, which were only partially offset by a $14 million increase in depreciation and depletion expense and a $4 million cumulative increase in share-based payment and exploration and business development expenses.

The company reported net earnings of $18 million, or $0.04 per share, in the first half relative to a net loss of $34 million, or $0.07 per share, in the first six months of 2015. The change was primarily due to non-cash foreign exchange movements where the first half of 2016 included a $29 million pre-tax foreign exchange gain while the prior-year period included a $32 million pre-tax foreign exchange loss. The 2016 first half foreign exchange gain was offset by non-cash pre-tax losses of $26 million on the revaluation of the gold stream obligation and $4 million on the revaluation of the company's gold price options contracts, both of which did not have an impact on the first half of the prior year.

For the six-month period ended June 30, 2016, New Gold's cash generated from operations before changes in non-cash operating working capital increased by $14 million, or 11%, to $145 million. The increase relative to the first half of 2015 was primarily attributable to the decrease in the company's operating expenses. The company's cash generated from operations in the first half of 2016 increased by $14 million, or 11%, to $141 million.

FINANCIAL UPDATE

New Gold's cash and cash equivalents as at June 30, 2016 were $220 million. The company also has a $300 million revolving credit facility, of which $121 million has been used as at June 30, 2016 to issue letters of credit, with the balance remaining undrawn. In addition, the remaining $75 million of the stream deposit is to be received from RGLD Gold AG, a wholly-owned subsidiary of Royal Gold Inc., when 60% of the estimated Rainy River project development capital has been spent and other customary conditions have been satisfied, which is expected to be late in the third quarter or early in the fourth quarter of 2016.

During the first quarter, New Gold announced that it had entered into gold price option contracts. New Gold purchased put options with a strike price of $1,200 per ounce covering 270,000 ounces of gold and simultaneously sold call options with a strike price of $1,400 per ounce covering an equivalent 270,000 ounces. The contracts cover 30,000 ounces of gold per month for the nine-month period from April through December 2016. As the gold price traded between $1,200 and $1,400 per ounce during the second quarter, the first three 30,000 per month contracts expired unexercised. As at the beginning of the third quarter, there were 180,000 ounces covered by the contracts for the balance of 2016.

At June 30, 2016, the face value of the company's long-term debt was $800 million (book value – $789 million). The components of the debt include: $300 million of 7.00% face value senior unsecured notes due in April 2020 and $500 million of 6.25% face value senior unsecured notes due in November 2022. The company currently has approximately 513 million shares outstanding.

PROJECTS UPDATE

RAINY RIVER

Development activity at New Gold's Rainy River project, located in north-western Ontario, continued to advance during the second quarter. The focus of the 2016 development activities is the construction of the processing facilities and supporting infrastructure as well as the initial stripping of the open pit.

RAINY RIVER – 2016 SECOND QUARTER PROJECT UPDATES

- Overall construction progress is currently over 40% complete
- Plant site earthworks substantially complete

- Concrete placement over 75% complete
- Power line construction substantially complete
- Installation of mechanical, piping, electrical and instrumentation underway in grinding building and primary crusher
- First ball mill shell segment placed in grinding building
- Pre-leach thickener tank 90% complete
- Leach tanks over 30% complete
- Received approval to being pumping an initial amount of water from Pinewood river to water management facility for storage
- Approvals to commence remediation work on water management facilities expected in the coming weeks
- Final submission of redesigns to tailings management facility planned for mid-August
- 225 people currently on full-time operations team with over 70% from local communities, including over 30% from Indigenous communities
- Material moved for mine development on target
- No Lost Time Incidents since New Gold acquired the project in 2013

Construction of the process facilities and the pre-production mining activities are advancing well. During the second quarter, the installation of the mechanical, piping, electrical and instrumentation equipment started both in the grinding building and the primary crusher and the first ball mill shell was installed. The mine operations team moved approximately 5.0 million tonnes of waste and overburden during the quarter, bringing the total material moved to date to over 7.0 million tonnes. The team continues to increase the mining rate and is now moving an average of approximately 68,000 tonnes per day.

As previously disclosed, during the course of the construction of the water management facility earlier in 2016, New Gold identified areas where the strength of the foundation is less than was estimated for the original designs. As a result, during the second quarter, the company submitted revised construction designs for regulatory review. Based on recent communications, New Gold anticipates receipt of the requisite permit amendments to begin the remediation work on the water management facility in the coming weeks. Consistent with New Gold's previous disclosure, the company's remediation plan includes the addition of rock toe buttresses at the base of the water management beams. Subsequent to the end of the second quarter, the company received approval to begin pumping an initial amount of water from the Pinewood River to the water management facility for storage.

The company is also finalizing its review of the tailings management facility design, parts of which are similarly impacted by the foundation conditions, and plans to submit its proposed redesigns for regulatory review by mid-August. New Gold's proposed redesign incorporates flatter slope angles and wick drains in some areas. Construction on both the water management and tailings facilities will recommence immediately after receiving the respective approvals.

With construction of the processing facilities and other components of the project on schedule, and the process of amending the water and tailings management facilities advancing as planned, the company continues to target first production at Rainy River in mid-2017. In support of this schedule, New Gold continues to work with Environment and Climate Change Canada towards obtaining a Schedule 2 Amendment, required to deposit mine waste in certain creeks, which is targeted to be received in mid-2017. However, the Schedule 2 Amendment is not required to maintain the planned mid-2017 start-up, as the company has also evaluated the potential to construct a smaller starter dam within the broader tailings management facility. The contemplated smaller facility would have capacity for approximately six months of mine waste and would not require a Schedule 2 Amendment.

Project capital expenditures at Rainy River during the second quarter totalled $107 million, bringing the total project development capital spending through June 30, 2016 to $501 million. Based on the development capital spent to date, and assuming a C$1.30/US$ exchange rate on capital expenditures going forward, the total Rainy River capital cost is expected to be approximately $940 million. The total capital cost estimate includes the previously announced $35 million of additional capital required to adjust the design of the water and tailings management facilities.

Overall, the Rainy River project enhances New Gold's growth pipeline through its manageable capital costs, significant production scale at below current industry average costs and exciting longer-term exploration potential in a great mining jurisdiction. Rainy River is expected to generate significant gold production growth for New Gold at costs below the company's 2016 guidance for all-in sustaining costs. Relative to the company's consolidated 2016 gold production guidance of 360,000 to 400,000 ounces, Rainy River alone is expected to produce an average of 325,000 ounces of gold annually, which will more than offset the decrease in production and cash flow arising from the transition of Cerro San Pedro to residual leaching. The company looks forward to advancing the Rainy River project and providing further updates on its development.

BLACKWATER

The company's Blackwater project, located in south-central British Columbia, is expected to produce an average of 485,000 ounces of gold per year at below industry average costs. The current focus at Blackwater is attaining the approval of the Environmental Assessment ("EA"). The coordinated Federal and Provincial EA technical review is in progress and New Gold is in the process of responding to the comments received from the Federal government, Provincial agencies and local Indigenous communities. The company continues to anticipate approval of the Blackwater Provincial EA by early 2017.

Capital expenditures at Blackwater during the second quarter and first half of 2016 were $3 million and $4 million, respectively.

EL MORRO PROPERTY – 4% GOLD STREAM

As part of New Gold's 2015 sale of its 30% interest in the El Morro property to Goldcorp Inc. ("Goldcorp"), the company retained a 4% stream on future gold production from El Morro. The El Morro property forms part of Goldcorp and Teck Resources Limited's NuevaUnión project (formerly Project Corridor). A pre-feasibility study is expected to commence for NuevaUnión in the fourth quarter of 2016 and is expected to be completed in mid-2017. Environmental Impact Assessment baseline studies are expected to commence in the second half of 2016.

As at the end of 2015, 4% of the El Morro mineral reserves represented 357,000 ounces of gold. For a detailed breakdown of mineral reserves by category, as well as key assumptions, parameters and risks, refer to New Gold's Annual Information Form for the year ended December 31, 2015 filed on www.sedar.com.

WEBCAST AND CONFERENCE CALL

A webcast and conference call to discuss these results will be held on Thursday, July 28, 2016 beginning at 9:30 a.m. Eastern time. Participants may participate via webcast by registering on our website at www.newgold.com. You may also listen to the conference call by calling toll free 1-888-231-8191, or 1-647-427-7450 outside of the U.S. and Canada. A recorded playback of the conference call will be available until August 28, 2016 by calling toll free 1-855-859-2056, or 1-416-849-0833 outside of the U.S. and Canada, postcode 45491569. An archived webcast will also be available until October 28, 2016 at www.newgold.com.

ABOUT NEW GOLD INC.

New Gold is an intermediate gold mining company. The company has a 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, provide the company with its current production base. In addition, New Gold owns 100% of the Rainy River and Blackwater projects, both in Canada, as well as a 4% gold stream on the El Morro project located in Chile. New Gold's objective is to be the leading intermediate gold producer, focused on the environment and social responsibility. For further information on the company, please visitwww.newgold.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this news release, including any information relating to New Gold's future financial or operating performance are "forward looking". All statements in this news release, other than statements of historical fact, which address events, results, outcomes or developments that New Gold expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking statements in this news release include, among others, statements with respect to: guidance for production, total cash costs and all-in sustaining costs, and the factors contributing to those expected results, as well as expected capital and other expenditures; planned activities for 2016 and beyond at the Company's projects; the expected production, costs, economics and operating parameters of the Rainy River project; targeting timing for development and other activities related to the Rainy River project; and statements with respect to the payment of the remaining $75 million from Royal Gold.

All forward-looking statements in this news release are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond New Gold's ability to control or predict. Certain material assumptions regarding such forward-looking statements are discussed in this news release, New Gold's annual and quarterly management's discussion and analysis ("MD&A"), its Annual Information Form and its Technical Reports filed at www.sedar.com. In addition to, and subject to, such assumptions discussed in more detail elsewhere, the forward-looking statements in this news release are also subject to the following assumptions: (1) there being no significant disruptions affecting New Gold's operations; (2) political and legal developments in jurisdictions where New Gold operates, or may in the future operate, being consistent with New Gold's current expectations; (3) the accuracy of New Gold's current mineral reserve and mineral resource estimates; (4) the exchange rate between the Canadian dollar, Australian dollar, Mexican peso and U.S. dollar being approximately consistent with current levels; (5) prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (6) equipment, labour and materials costs increasing on a basis consistent with New Gold's current expectations; (7) arrangements with Indigenous groups in respect of the Rainy River and Blackwater projects being consistent with New Gold's current expectations; (8) all required permits, licenses and authorizations being obtained from the relevant governments and other relevant stakeholders within the expected timelines; (9) the results of the feasibility study for the Rainy River project being realized; (10) in the case of all-in sustaining cost outlooks at the Rainy River project, the assumed exchange rate being C$1.25/US$; and (11) conditions to the payment of the remaining $75 million from Royal Gold being satisfied later in 2016.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, without limitation: significant capital requirements and the availability and management of capital resources; additional funding requirements; price volatility in the spot and forward markets for metals and other commodities; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States, Australia and Mexico; discrepancies between actual and estimated production, between actual and estimated mineral reserves and mineral resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Canada, the United States, Australia and Mexico or any other country in which New Gold currently or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which New Gold does or may carry on business; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements of each jurisdiction in which New Gold operates, including, but not limited to: in Canada, obtaining the necessary permits for the Rainy River, New Afton C-zone and Blackwater projects; and in Mexico, where Cerro San Pedro has a history of

ongoing legal challenges related to our environmental authorization; the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law; the uncertainties inherent to current and future legal challenges New Gold is or may become a party to; diminishing quantities or grades of reserves and resources; competition; loss of key employees; rising costs of labour, supplies, fuel and equipment; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the feasibility studies for the Rainy River, New Afton C-zone and Blackwater projects; the uncertainty with respect to prevailing market conditions necessary for a positive development decision at Blackwater; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; unexpected delays and costs inherent to consulting and accommodating rights of Indigenous groups; risks, uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements, including those associated with the environmental assessment process for Blackwater. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in New Gold's disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. New Gold expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

TECHNICAL INFORMATION

The scientific and technical information in this news release has been reviewed and approved by Mark A. Petersen, Vice President, Exploration of New Gold. Mr. Petersen is a SME Registered Member, AIPG Certified Professional Geologist and a "Qualified Person" as defined under National Instrument 43-101.

For additional technical information on New Gold's material properties, including a detailed breakdown of Mineral Reserves and Mineral Resources by category, as well as key assumptions, parameters and risks, refer to New Gold's Annual Information Form for the year ended December 31, 2015 filed on www.sedar.com.

NON-GAAP MEASURES

(7) ALL-IN SUSTAINING COSTS AND SUSTAINING COSTS

"All-in sustaining costs" per ounce is a non-GAAP financial measure. Consistent with guidance announced in 2013 by the World Gold Council, an association of various gold mining companies from around the world of which New Gold is a member, New Gold defines "all-in sustaining costs" per ounce as the sum of total cash costs, capital expenditures that are sustaining in nature, corporate general and administrative costs, capitalized and expensed exploration that is sustaining in nature and environmental reclamation costs, all divided by the ounces of gold sold to arrive at a per ounce figure. New Gold believes this non-GAAP financial measure provides further transparency into costs associated with producing gold and assists analysts, investors and other stakeholders of the company in assessing the company's operating performance, its ability to generate free cash flow from current operations and its overall value. This data is furnished to provide additional information and is a non-GAAP financial measure. All-in sustaining costs presented do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS. Further details regarding historical all-in sustaining costs and a reconciliation to the nearest IFRS measures are provided below and in the MD&A accompanying New Gold's financial statements filed from time to time on www.sedar.com.

"Sustaining costs" is a non-GAAP financial measure. New Gold defines sustaining costs as the difference between all-in sustaining costs and total cash costs, being the sum of capital expenditures that are sustaining in nature, corporate general and administrative costs, capitalized and expensed exploration that is sustaining in nature, and environmental reclamation costs. Management uses sustaining costs to understand the aggregate net result of the drivers of all-in sustaining costs other than total cash costs. The line items between cash costs and all in sustaining costs in the tables below break down the components of sustaining costs. Sustaining costs is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

(8) TOTAL CASH COSTS

"Total cash costs" per ounce is a non-GAAP financial measure which is calculated in accordance with a standard developed by The Gold Institute, a worldwide association of suppliers of gold and gold products that ceased operations in 2002. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. New Gold reports total cash costs on a sales basis. The company believes that certain investors use this information to evaluate the company's performance and ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. This measure, along with sales, is considered to be a key indicator of the company's ability to generate operating earnings and cash flow from its mining operations. Total cash costs include mine site operating costs such as mining, processing and administration costs, royalties, production taxes, and realized gains and losses on fuel contracts, but are exclusive of amortization, reclamation, capital and exploration costs and net of by-product sales. Total cash costs are then divided by ounces of gold sold to arrive at a per ounce figure. Co-product cash costs remove the impact of other metal sales that are produced as a by-product of gold production and apportion the cash costs to each metal produced on a percentage of revenue basis, and subsequently divides the amount by the total ounces of gold or silver or pounds of copper sold, as the case may be, to arrive at per ounce or per pound figures. Unless otherwise indicated, all total cash cost information in this news release is net of by-product sales. This data is furnished to provide additional information and is a non-GAAP financial measure. Total cash costs and co-product cash costs presented do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under GAAP. Further details regarding historical total cash costs and a reconciliation to the nearest IFRS measures are provided below and in the MD&A accompanying New Gold's financial statements filed from time to time on www.sedar.com.

TOTAL CASH COSTS AND ALL-IN SUSTAINING COSTS RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars, unless otherwise noted)	**2016**	**2015**	**2016**	**2015**
Operating expenses	**$84.7**	$98.2	**$166.6**	$197.8
Treatment and refining charges on concentrate sales	**3.8**	8.5	**7.3**	15.9
Adjustments	**0.6**	1.0	**(0.2)**	1.7

Total cash costs before by-product revenue	**89.1**	107.7	**173.7**	215.4
By-product copper and silver sales	**(55.1)**	(71.7)	**(109.3)**	(134.5)
Total cash costs net of by-product revenue	**34.0**	36.0	**64.4**	80.9
Gold ounces sold	**101,820**	87,754	**187,851**	180,152
Total cash costs per gold ounce sold ($/ounce)	**$334**	$410	**$343**	$449
Total cash costs per gold ounce sold on a co-product basis ($/ounce)	**$609**	$704	**$625**	$717
Total cash costs net of by-product revenue	**34.0**	36.0	**64.4**	80.9
Sustaining capital expenditure	**27.1**	35.7	**49.5**	75.0
Sustaining exploration - expensed	**1.8**	1.2	**4.2**	1.6
Corporate G&A including share-based compensation	**8.7**	7.1	**17.4**	15.1
Reclamation expenses	**1.3**	0.9	**2.4**	2.0
Total all-in sustaining costs	**72.9**	80.9	**137.9**	174.6
All-in sustaining costs per gold ounce sold ($/ounce)	**$717**	$922	**$736**	$969
All-in sustaining costs per gold ounce sold on a co-product basis ($/ounce)	**$871**			

(9) CASH GENERATED FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL

"Cash generated from operations before changes in working capital" is a non-GAAP financial measures with no standard meaning under IFRS, which exclude changes in non-cash operating working capital. Management uses this measure to evaluate the Company's ability to generate cash from its operations before temporary working capital changes.

CASH GENERATED FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars)	**2016**	**2015**	**2016**	**2015**
Cash generated from operations	**$79.2**	$56.9	**$140.7**	$126.7
Add back (deduct): Change in non-cash operating working capital	**3.2**	5.8	**3.8**	3.4

Cash generated from operations before changes in non-cash working capital	**82.4**	62.7	**144.5**	130.1

(10) ADJUSTED NET (LOSS)/EARNINGS

"Adjusted net (loss)/earnings" and "adjusted net (loss)/earnings per share" are non-GAAP financial measures. Net (loss)/earnings have been adjusted and tax affected for the group of costs in "Other gains and losses" on the condensed consolidated income statement. The adjusted entries are also impacted for tax to the extent that the underlying entries are impacted for tax in the unadjusted net (loss)/earnings from continuing operations. The company uses this measure for its own internal purposes. Management's internal budgets and forecasts and public guidance do not reflect fair value changes on senior notes and non-hedged derivatives, foreign currency translation and fair value through profit or loss and financial asset gains/losses.

Consequently, the presentation of adjusted net earnings and adjusted net earnings per share enables investors and analysts to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings and adjusted net earnings per share based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies. Adjusted net (loss)/earnings and adjusted net (loss)/earnings per share are intended to provide additional information only and do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flows from operations as determined under IFRS.

ADJUSTED NET EARNINGS RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Net (loss) earnings before taxes	**($3.0)**	$10.3	**$18.2**	($26.7)
Other losses (gains)	**22.7**	(10.5)	**1.0**	20.9
Inventory write-down	**(0.7)**	(0.6)	**-**	(0.8)
Adjusted net earnings (loss) before tax	**19.0**	(0.8)	**19.2**	(6.6)
Income tax expense	**(5.8)**	(0.9)	**(0.2)**	(7.7)
Income tax adjustments	**0.5**	0.4	**(5.6)**	7.9
Adjusted income tax (expense) recovery	**(5.3)**	(0.5)	**(5.8)**	0.2
Adjusted net earnings (loss)	**13.7**	(1.3)	**13.4**	(6.4)
Adjusted earnings (loss) per share (basic)	**0.03**	-	**0.03**	(0.01)
Adjusted effective tax rate	**28%**	68%	**30%**	(2%)

(11) AVERAGE REALIZED PRICE

"Average realized price per ounce or pound sold" is a non-GAAP financial measure with no standard meaning under IFRS. Management uses this measure to better understand the price realized in each reporting period for gold, silver, and copper sales. Average realized price is intended to provide additional information only and does not have any standardized definition under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently and this measure is unlikely to be comparable to similar measures presented by other companies.

(12) OPERATING MARGIN

"Operating margin" is a non-GAAP financial measure with no standard meaning under IFRS, which management uses to evaluate the Company's aggregated and mine-by-mine contribution to net earnings before non-cash depreciation and depletion charges.

OPERATING MARGIN RECONCILIATION

	Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars)	**2016**	**2015**	**2016**	**2015**
Revenues	**$180.3**	$167.7	**$334.8**	$336.6
Less: Operating expenses	**(84.7)**	(98.2)	**(166.6)**	(197.8)
Operating margin	**95.6**	69.5	**168.2**	138.8

CONDENSED CONSOLIDATED INCOME STATEMENTS (unaudited)

	Three months ended June		Six months ended June	
(in millions of U.S. dollars, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Revenues	**180.3**	167.7	**334.8**	336.6
Operating expenses	**84.7**	98.2	**166.6**	197.8
Depreciation and depletion	**62.3**	50.9	**119.9**	106.0
Earnings from mine operations	**33.3**	18.6	**48.3**	32.8
Corporate administration	**5.9**	5.5	**11.6**	11.5

Share-based payment expenses	**2.8**	1.9	**5.8**	4.0
Exploration and business development	**2.0**	1.2	**4.5**	2.3
Earnings from operations	**22.6**	10.0	**26.4**	15.0
Finance income	**0.2**	0.4	**0.5**	0.6
Finance costs	**(3.1)**	(10.6)	**(7.7)**	(21.4)
Other (losses) gains	**(22.7)**	10.5	**(1.0)**	(20.9)
(Loss) earning before taxes	**(3.0)**	10.3	**18.2**	(26.7)
Income tax expense	**(5.8)**	(0.9)	**(0.2)**	(7.7)
Net (loss) earnings	**(8.8)**	9.4	**18.0**	(34.4)
(Loss) earnings per share				
Basic	**(0.02)**	0.02	**0.04**	(0.07)
Diluted	**(0.02)**	0.02	**0.04**	(0.07)
Weighted average number of shares outstanding (in millions)				
Basic	**511.2**	509.1	**510.4**	508.8
Diluted	**511.2**	509.8	**511.6**	508.8

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

	As at June 30	As at December 31
(in millions of U.S. dollars)	**2016**	**2015**
ASSETS		
Current assets		
Cash and cash equivalents	**219.5**	335.5
Trade and other receivables	**106.0**	109.0

Inventories	**141.0**	145.9
Current income tax receivable	**13.7**	19.2
Prepaid expenses and other	**5.4**	5.0
Total current assets	**485.6**	614.6
Non-current inventories	**140.3**	115.4
Mining interests	**2,966.5**	2,803.2
Deferred tax assets	**177.7**	138.9
Other	**3.6**	3.4
Total assets	**3,773.7**	3,675.5
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	**160.0**	141.1
Current income tax payable	**3.6**	6.2
Total current liabilities	**163.6**	147.3
Reclamation and closure cost obligations	**72.4**	67.5
Gold stream obligation	**13.6**	9.2
Provisions	**207.3**	147.6
Derivative liabilities	**2.1**	2.1
Long-term debt	**788.5**	787.6
Deferred tax liabilities	**410.0**	414.4
Other	**0.2**	0.2
Total liabilities	**1,657.7**	1,575.9
Equity		
Common shares	**2,854.2**	2,841.0
Contributed surplus	**100.8**	102.3

Other reserves	**(10.7)**	2.6
Deficit	**(828.3)**	(846.3)
Total equity	**2,116.0**	2,099.6
Total liabilities and equity	**3,773.7**	3,675.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)

	Three months ended June		Six months ended June	
(in millions of U.S. dollars)	**2016**	**2015**	**2016**	**2015**
OPERATING ACTIVITIES				
Net (loss) earnings	**(8.8)**	9.4	**18.0**	(34.4)
Adjustments for:				
Foreign exchange losses (gains)	**4.9**	(4.2)	**(29.0)**	31.8
Reclamation and closure costs paid	**-**	(0.1)	**(0.9)**	(0.2)
Depreciation and depletion	**62.6**	50.7	**120.2**	105.8
Other non-cash adjustments	**6.0**	(0.6)	**4.8**	(5.2)
Income tax expense	**5.8**	0.9	**0.2**	7.7
Finance income	**(0.2)**	(0.4)	**(0.5)**	(0.6)
Finance costs	**3.1**	10.6	**7.7**	21.4
Unrealized loss on gold stream liability	**10.4**	-	**25.5**	-
	83.8	66.3	**146.0**	126.3
Change in non-cash operating working capital	**(3.2)**	(5.8)	**(3.8)**	(3.4)
Income taxes (paid) refunded	**(1.4)**	(3.6)	**(1.5)**	3.8
Cash generated from operations	**79.2**	56.9	**140.7**	126.7
INVESTING ACTIVITIES				
Mining interests	**(138.2)**	(73.9)	**(245.6)**	(143.1)

Government grant received	**-**	-	**-**	0.8
Proceeds from the sale of assets	**-**	-	**(2.1)**	-
Gold price option contract investment costs	**0.6**	0.6	**1.1**	0.6
Interest received	**0.2**	0.4	**0.5**	-
Cash used by investing activities	**(137.4)**	(72.9)	**(246.1)**	(141.7)
FINANCING ACTIVITY				
Proceeds received from exercise of options and warrants	**6.4**	-	**7.2**	0.1
Financing initiation costs	**-**	-	**(0.3)**	-
Interest paid	**(26.7)**	(26.1)	**(27.5)**	(26.1)
Cash used by financing activities	**(20.3)**	(26.1)	**(20.6)**	(26.0)
Effect of exchange rate changes on cash and cash equivalents	**(0.3)**	3.1	**10.0**	(2.7)
Change in cash and cash equivalents	**(78.8)**	(39.0)	**(116.0)**	(43.7)
Cash and cash equivalents, beginning of period	**298.3**	365.8	**335.5**	370.5
Cash and cash equivalents, end of period	**219.5**	326.8	**219.5**	326.8
Cash and cash equivalents are comprised of:				
Cash	**154.2**	232.8	**154.2**	232.8
Short-term money market instruments	**65.3**	94.0	**65.3**	94.0
	219.5	326.8	**219.5**	326.8

SOURCE New Gold Inc.

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http://www.newgold.com/investors/NewGoldNews/PressReleaseDetail/2016/New-Gold-Delivers-Higher-2016-Second-Quarter-Cash-Flow-and-Significantly-Lowers-Full-Year-Cost-Guidance/default.aspx

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