

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to exemptions therefrom, these securities may not be offered or sold within the United States or to or for the account or benefit of a person in the United States or a “U.S. person” (as defined in Regulation S under the U.S. Securities Act (“Regulation S”). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to U.S. persons. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of New Gold Inc. at 181 Bay Street, Suite 3320, Toronto, Ontario, M5J 2T3, telephone (416) 324-6000, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

August 23, 2019



NEW GOLD INC.

\$150,000,000
93,750,000 Common Shares

This short form prospectus (the “Prospectus”) is being filed by New Gold Inc. (“New Gold” or the “Corporation”) to qualify the distribution (the “Offering”) of common shares (the “Offered Shares”) of the Corporation at a price of \$1.60 per Offered Share (the “Offering Price”), for aggregate gross proceeds of \$150,000,000. See “Description of Common Shares”. The Offering is being made pursuant to an underwriting agreement (the “Underwriting Agreement”) dated as of August 14, 2019 between the Corporation and BMO Nesbitt Burns Inc., as the lead underwriter (the “Lead Underwriter”), and a syndicate of underwriters composed of RBC Dominion Securities Inc. (“RBC”), Scotia Capital Inc. (“Scotia”), CIBC World Markets Inc. (“CIBC”), TD Securities Inc. (“TD”), J.P. Morgan Securities Canada Inc. (“JPM”), Merrill Lynch Canada Inc. (“BAML”), Credit Suisse Securities (Canada), Inc., National Bank Financial Inc., Canaccord Genuity Corp., Cormark Securities Inc., Eight Capital, GMP Securities L.P., Laurentian Bank Securities Inc., Paradigm Capital Inc. and Raymond James Ltd. (together with the Lead Underwriter, collectively, the “Underwriters”). The Offering Price was determined based on negotiations between the Corporation and the Underwriters, with reference to the prevailing market price of the common shares of the Corporation (the “Common Shares”) on the Toronto Stock Exchange (the “TSX”). See “Plan of Distribution”.

Investing in the Offered Shares is highly speculative and involves significant risks that should be carefully considered by prospective purchasers before purchasing any Offered Shares. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective purchasers prior to investing in the Offered Shares. See “Cautionary Note regarding Forward-Looking Statements” and “Risk Factors”.

This Prospectus constitutes a public offering of Offered Shares only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Offered Shares.

The outstanding Common Shares are listed and posted for trading on the TSX and the NYSE American LLC (the “NYSE American”) under the symbol “NGD”. On August 22, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$1.56 and on the NYSE American was US\$1.17. The Corporation has received conditional approval to list the Offered Shares and the Additional Shares (as defined below), if any, on the TSX. The NYSE American has also approved the listing of the Offered Shares and the Additional Shares, if any, on the NYSE American. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before November 12, 2019 and all of the listing requirements of the NYSE American.

Price: \$1.60 per Offered Share

	Price to the Public	Underwriters' Fee ⁽¹⁾⁽²⁾	Net Proceeds to Corporation ⁽²⁾⁽³⁾
Per Offered Share	\$1.60	\$0.072	\$1.528
Total.....	\$150,000,000	\$6,750,000	\$143,250,000

- (1) In consideration for the services rendered by the Underwriters in connection with the Offering, the Corporation has agreed to pay the Underwriters a cash fee equal to 4.50% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”), including any Additional Shares (as defined herein) sold pursuant to the exercise of the Over-Allotment Option (as defined herein). See “Plan of Distribution” for a description of the compensation payable to the Underwriters.
- (2) The Corporation has granted the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable at any time and from time to time in whole or in part, in the sole discretion of the Underwriters, for a period of up to 30 days after the Closing Date (as defined herein), to purchase up to an additional 15% of the Offered Shares sold pursuant to the Offering, being 14,062,500 Common Shares (the “**Additional Shares**”), at the Offering Price, to cover over-allotments, if any. The grant of the Over-Allotment Option is hereby qualified for distribution under this Prospectus. A purchaser who acquires Additional Shares forming part of the Over-Allotment Option acquires such Additional Shares under this Prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total Price to the Public, Underwriters’ Fee and Net Proceeds to the Corporation (before payment of the expenses of the Offering) will be \$172,500,000, \$7,762,500 and \$164,737,500, respectively. See “*Plan of Distribution*” and the table below.
- (3) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering, including in connection with the preparation and filing of this Prospectus, which are estimated to be approximately \$900,000 and which will be paid by the Corporation from the proceeds of the Offering.

The following table sets out the aggregate Additional Shares that may be sold by the Corporation to the Underwriters pursuant to the exercise of the Over-Allotment Option.

Underwriters’ Position	Number of Common Shares Available	Exercise Period	Exercise Price
Over-Allotment Option	14,062,500 Additional Shares	Up to 30 days after the Closing Date	\$1.60 per Additional Share

Unless the context otherwise requires, all references to the “Offering” and/or the “Offered Shares” in this Prospectus shall include the Additional Shares, if any, that may be issued pursuant to the exercise of the Over-Allotment Option.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions intended to stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Offered Shares initially at the Offering Price. **After the Underwriters have made reasonable efforts to sell all of the Offered Shares offered by this Prospectus at such price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. However, in no event will the Corporation receive less than the net proceeds of \$1.528 per Offered Share. See “Plan of Distribution”.**

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, subject to the approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP, and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP.

The closing of the Offering is expected to take place on or about August 30, 2019 or on such other date as may be agreed upon by the Corporation and the Underwriters (the “**Closing Date**”). In any event, the Offered Shares

are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of a final receipt for this Prospectus. See “Plan of Distribution”.

The Offered Shares are being offered for sale in all of the provinces and territories of Canada through the Underwriters.

The Offered Shares will be issued in registered or electronic form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS against payment of the aggregate purchase price for the Offered Shares. No certificates evidencing the Offered Shares will be issued to purchasers of the Offered Shares. Purchasers of Offered Shares will receive only a customer confirmation from the registered dealer through which the Offered Shares are purchased. See “Plan of Distribution”.

In connection with the Offering, the Corporation may be considered a “connected issuer” within the meaning of National Instrument 33-105 — *Underwriting Conflicts* (“NI 33-105”) to the Lead Underwriter, RBC, Scotia, CIBC, TD, JPM and BAML (collectively, the “**Connected Underwriters**”). Affiliates of each of the Connected Underwriters are lenders to the Corporation pursuant to the Credit Facility (as defined herein). In addition, affiliates of: (i) each of RBC, Scotia, CIBC and TD are party to certain gold sales agreements with the Corporation; (ii) each of RBC, Scotia, CIBC, TD, JPM and BAML are party to certain gold and copper hedging agreements with the Corporation, and (iii) each of RBC, Scotia, CIBC, JPM and BAML are party to certain ISDA master agreements with the Corporation. See “Plan of Distribution and “Relationship Between the Corporation and Certain Underwriters”.

Nicholas Chirekos and Gillian Davidson, each of whom is a director of the Corporation that is not resident in Canada, has appointed the Corporation, 181 Bay Street, Suite 3320, Toronto, Ontario, M5J 2T3, as his or her agent for service of process in Canada. Prospective purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against these directors, even though they have appointed an agent for service of process.

The Corporation’s head office is located at 181 Bay Street, Suite 3320, Toronto, Ontario, M5J 2T3 and its registered office is located at Suite 610, 1100 Melville Street, Vancouver, British Columbia, V6E 4A6.

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Readers should rely only on information contained or incorporated by reference in this Prospectus (including the documents incorporated by reference herein) and are not entitled to rely on parts of the information contained in this Prospectus (including the documents incorporated by reference herein) to the exclusion of others. The Corporation has not authorized anyone to provide the reader with additional or different information. Neither the Corporation nor the Underwriters is making an offer to sell or seeking an offer to buy these securities in any jurisdiction where the offer or sale of these securities is not permitted. Readers should not assume that the information contained in this Prospectus (including the documents incorporated by reference herein) is accurate as of any date other than the date on the front page of such documents, regardless of the time of delivery of this Prospectus or of any sale of the Offered Shares. The Corporation's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus. Information contained on the Corporation's website should not be deemed to be a part of this Prospectus or incorporated by reference herein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Offered Shares.

References to New Gold or the Corporation include direct and indirect subsidiaries of New Gold Inc. where applicable.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference "forward looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation and within the meaning of the United States Private Securities Litigation Reform Act of 1995. 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. The forward-looking statements include, but are not limited to, statements with respect to: the Corporation's expectations in connection with the use of proceeds from the Offering; production and exploration; development and expansion plans at the Corporation's projects being met; guidance for production; operating expenses, total cash costs and all-in sustaining costs and capital costs, and the factors contributing to those expected results, as well as expected capital expenditures; expected reductions in the carrying value of New Gold's assets; mine life; mineral reserve and mineral resource estimates; grades expected to be mined at the Corporation's operations; generation of positive cash flows from the Corporation's operations; expected development plans, mine life, production, costs, the timing of such plans and production and costs, project economics and operating parameters of the Blackwater project (as defined herein) and the New Afton (as defined herein) C-zone; planned activities for 2019 and beyond at the Corporation's operations and projects, as well as planned exploration activities and expenses; targeted timing for permits; and any other statement that may predict, forecast, indicate or imply future plans, intentions, activities, results, performance or achievements.

All forward-looking statements in this Prospectus or in documents incorporated by reference herein 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 Prospectus, the Annual Information Form (as defined herein) and New Gold's annual and quarterly management's discussion and analysis and New Gold's Technical Reports filed at www.sedar.com and www.sec.gov. In addition to, and subject to, such assumptions discussed in more detail elsewhere, the forward-looking statements in this Prospectus are 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, United States dollar and, to a lesser extent, the Mexican peso 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 and expectations; (6) equipment, labour and materials costs increasing on a basis consistent with New Gold's current expectations; (7) arrangements with First Nations and other indigenous groups in respect of the Rainy River (as defined herein) 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 studies for the New Afton C-zone and the Blackwater project being realized; and (10) in the case of production, cost

and expenditure outlooks at operating mines for 2019, commodity prices and exchange rates being consistent with those estimated for the purposes of 2019 guidance.

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 and, to a lesser extent, 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 the countries in which New Gold does 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 in the future 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 New Afton C-zone and the Blackwater project; in Mexico, compliance with legal requirements in connection with reclamation work at CSP; the uncertainties inherent to current and future legal challenges to which New Gold is or may become a party; diminishing quantities or grades of mineral reserves and mineral 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 New Afton C-zone and the Blackwater project; the uncertainty with respect to prevailing market conditions necessary for a positive development or construction decision at the Blackwater project; 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 First Nations and other indigenous groups; uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations, complying with permitting requirements, and receiving the environmental assessment approval for the Blackwater project. 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, in each case, the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as “Risk Factors” included in this Prospectus and in New Gold’s disclosure documents incorporated by reference herein. 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 Prospectus or in documents incorporated by reference herein 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.

FINANCIAL INFORMATION

Unless otherwise indicated, financial information contained in this Prospectus and financial statements and other documents incorporated by reference in this Prospectus is determined using IFRS.

NON-GAAP FINANCIAL MEASURES

In this Prospectus, or the documents incorporated by reference herein, the Corporation uses terms such as “total cash costs per gold equivalent ounce”, “all-in sustaining costs per gold equivalent ounce”, “adjusted net earnings”, “adjusted net earnings from continuing operations”, “adjusted net earnings from continuing operations per share”, “operating cash flows generated from continuing operations, before changes in non-cash operating working capital”, “average realized price” and “operating margin” which are considered “Non-GAAP financial measures” within the meaning of applicable Canadian and U.S. securities laws and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. See the section entitled “Non-GAAP Financial Performance Measures” of the Annual MD&A and the Interim MD&A (as defined herein) for a detailed explanation of Non-GAAP financial measures and applicable reconciliations to historical IFRS measures.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, based on the current provisions of the Income Tax Act (Canada) (the “**Tax Act**”), the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that the Offered Shares are at all times listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the TSX) or the Corporation is a “public corporation”, as defined in the Tax Act, the Offered Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, “**Registered Plans**”) and deferred profit sharing plans, (each as defined in the Tax Act).

Notwithstanding that the Offered Shares may be a qualified investment for a Registered Plan, if the Offered Shares are a “prohibited investment” within the meaning of the Tax Act for the Registered Plan, the annuitant, holder or subscriber thereof, as the case may be (the “**Controlling Individual**”), will be subject to a penalty tax under the Tax Act. The Offered Shares generally will not be a prohibited investment for a Registered Plan provided the Controlling Individual of the Registered Plan: (i) deals at arm’s length with the Corporation for the purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. The Offered Shares will not be a prohibited investment if such shares are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for the Registered Plan. Prospective purchasers who intend to hold Offered Shares in a Registered Plan should consult their own tax advisors regarding their particular circumstances.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

The financial statements of the Corporation incorporated by reference in this Prospectus are reported in United States dollars. All dollar amounts referenced in this Prospectus, unless otherwise indicated, are expressed in Canadian dollars and are referred to as “dollars”, “Canadian dollars”, “C\$” or “\$”. United States dollars are referred to as “United States dollars” or “US\$”.

The high, low and closing rates for United States dollars in terms of the Canadian dollar for the periods indicated, as quoted by the Bank of Canada, were as follows:

	Twelve months ended December 31,		Six months ended June 30,	
	2017	2018	2018	2019
	(expressed in C\$)			
High	1.3743	1.3642	1.3310	1.3600
Low	1.2128	1.2288	1.2288	1.3087
Closing	1.2545	1.3642	1.3168	1.3087

On August 22, 2019, the daily exchange rate for United States dollars in terms of the Canadian dollar, as quoted by the Bank of Canada, was US\$1.00 = C\$1.3293.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at 181 Bay Street, Suite 3320, Toronto, Ontario, M5J 2T3, telephone (416) 324-6000, and are also available electronically at www.sedar.com. The filings of the Corporation through the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, filed by the Corporation with the securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form (the “**Annual Information Form**”) of the Corporation dated March 29, 2019 for the year ended December 31, 2018;
- (b) the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2018 and December 31, 2017, together with the report of the independent registered public accounting firm thereon and the notes thereto (the “**Annual Financial Statements**”);
- (c) the management’s discussion and analysis of results of operations and financial condition of the Corporation for the year ended December 31, 2018 (the “**Annual MD&A**”);
- (d) the unaudited interim financial statements of the Corporation as at June 30, 2019 and for the three and six months ended June 30, 2019 and 2018, together with the notes thereto (the “**Interim Financial Statements**”);
- (e) the management’s discussion and analysis of results of operations and financial condition of the Corporation as at, and for the three and six month periods ended June 30, 2019 (the “**Interim MD&A**”);
- (f) the management information circular of the Corporation dated March 14, 2019 prepared in connection with the annual general meeting of shareholders of the Corporation held on April 24, 2019 (the “**Information Circular**”);
- (g) the material change report of the Corporation dated August 16, 2019 relating to the announcement of the Offering; and
- (h) the press release of the Corporation dated May 27, 2019 regarding the appointment of Mr. Nicholas Chirekos to the board of directors of the Corporation.

All material change reports (excluding confidential material change reports), the Annual Information Form, Annual Financial Statements and related Annual MD&A, Interim Financial Statements and related Interim MD&A, information circulars, business acquisition reports, any news release issued by the Corporation that specifically states it is to be incorporated by reference in this Prospectus and any other documents as may be required to be incorporated by reference herein under applicable Canadian securities laws which are filed by the Corporation with a securities commission or any similar authority in Canada after the date of this Prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

THE CORPORATION

New Gold is an intermediate gold producer existing under the *Business Corporations Act* (British Columbia) with its Common Shares listed on the TSX and the NYSE American under the symbol “NGD”. The Corporation’s operating properties consist of the 100%-owned Rainy River gold-silver mine in Ontario, Canada (“**Rainy River**”) and the 100%-owned New Afton gold-copper mine in British Columbia, Canada (“**New Afton**”). The Corporation’s

Cerro San Pedro mine in Mexico (“CSP”) concluded active mining in June 2016 and transitioned to residual leaching; it subsequently transitioned to the reclamation phase on December 31, 2018. New Gold’s development project is the 100%-owned Blackwater (“Blackwater”) project, in British Columbia, Canada.

The Annual MD&A, Interim MD&A, Annual Information Form and the other documents incorporated by reference herein contain further details regarding the business of the Corporation. See “Documents Incorporated by Reference”.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Offered Shares will be approximately \$142,350,000, or \$163,837,500 in the event that the Over-Allotment Option is exercised in full, after deducting the Underwriters’ Fee and the estimated expenses of the Offering of \$900,000 which will be paid out of the proceeds of the Offering.

New Gold intends to use the net proceeds of the Offering to enhance financial flexibility, strengthen the balance sheet of the Corporation, including debt repayment, and general corporate purposes.

The Corporation’s actual use of the net proceeds may vary depending on the Corporation’s operating and capital needs from time to time. There may be circumstances where a reallocation of funds may be necessary or appropriate, as determined by the Corporation in its sole discretion.

Pending the use of the proceeds in the manner described above, the Corporation may invest all or a portion of the proceeds of the Offering in short-term deposits, including bankers’ acceptances, and short term, high quality, interest bearing corporate, government-issued and/or government-guaranteed securities. See “Risk Factors – Use of Proceeds”.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the consolidated capitalization or indebtedness of the Corporation since the date of the Interim Financial Statements.

As at June 30, 2019, there were 579,115,291 Common Shares issued and outstanding as well as options and performance share units which, if exercised or settled in Common Shares (assuming a 100% Achieved Performance for performance share units that may be settled in Common Shares and excluding Cash-Only PSUs (as defined herein)), would result in the issuance of up to an additional 8,176,294 Common Shares. Upon completion of the Offering, there will be an aggregate of 672,865,291 Common Shares issued and outstanding, or 686,927,791 Common Shares if the Over-Allotment Option is exercised in full (without giving effect to the exercise or settlement of any options or performance share units). See also “Use of Proceeds and “Prior Sales”.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to sell and the Underwriters have severally, and not jointly nor jointly and severally, agreed to purchase, as principals, on the Closing Date, all but not less than all of the Offered Shares at the Offering Price, payable in cash to the Corporation against delivery of the Offered Shares, subject to the conditions contained in the Underwriting Agreement. The obligations of the Underwriters under the Underwriting Agreement are several and not joint, nor joint and several, and may be terminated at their discretion on the basis of “material change-out”, “disaster-out” and “regulatory-out” termination rights and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriters have reserved the right to form a selling group of appropriately registered dealers and brokers, with compensation to be negotiated between the Underwriters and such selling group participants, but at no additional cost to the Corporation.

The Underwriting Agreement provides that the Corporation will pay to the Lead Underwriter, on behalf of the Underwriters, the Underwriters’ Fee of \$0.072 per Offered Share or Additional Share, if any, sold pursuant to the exercise of the Over-Allotment Option, representing 4.50% of the gross proceeds per Offered Share or any Additional Share, as the case may be, for their services in connection with the distribution of the Offered Shares and Additional Shares. The Offering Price was determined by negotiations between the Corporation and the Underwriters, with

reference to the prevailing market price of the Common Shares. The Corporation has agreed to indemnify the Underwriters, and certain related parties, against certain liabilities, including liabilities under Canadian securities laws. If such indemnity is not available, the Corporation has agreed to contribute to the payment of such liabilities on terms set forth in the Underwriting Agreement.

The Corporation has granted the Underwriters the Over-Allotment Option, exercisable at any time and from time to time in whole or in part, in the sole discretion of the Underwriters, for a period of up to 30 days from the Closing Date, to purchase up to an additional 15% of the Offered Shares sold pursuant to the Offering, being 14,062,500 Additional Shares, at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option is qualified for distribution under this Prospectus. A person who acquires Additional Shares issuable on the exercise of the Over-Allotment Option acquires such Additional Shares under this Prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and the net proceeds to the Corporation (before payment of the expenses of the Offering) will be \$172,500,000, \$7,762,500 and \$164,737,500, respectively.

The Corporation has agreed that it will not, for a period of 90 days following the Closing Date, without the prior consent of the Lead Underwriter, such consent not to be unreasonably withheld, directly or indirectly issue, offer, pledge, sell, contract to sell, contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer, lend or dispose of any Common Shares or securities or other financial instruments convertible into or having the right to acquire Common Shares, or enter into any agreement or arrangement under which the Corporation would acquire or transfer to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such agreement or arrangement may be settled by the delivery of Common Shares or other securities or cash, or agree to become bound to do so, or disclose to the public any intention to do so, subject to certain limited exceptions (including, but not limited to (i) pursuant to the Corporation's existing stock option plan, long term incentive plan or other equity incentive plans; (ii) pursuant to the exercise or settlement of outstanding options or performance share units, (iii) issuances of options and/or performance share units to the general manager of the Rainy River Mine, (iv) pursuant to agreements or commitments of the Corporation in effect on the date hereof, (v) amendments to an agreement with a current service provider to, among other things, reduce the maximum value of Common Shares issuable by the Corporation to the service provider thereunder, or (vi) subject to certain limitations, effecting one or more private placements of Common Shares, or entering into one or more agreement(s) with First Nations or other indigenous groups providing for the issuance of Common Shares pursuant thereto, or entering into one or more participation, impact benefits or similar agreement(s) with First Nations or other indigenous groups which provide for the issuance of Common Shares to the applicable First Nations or other indigenous groups upon the achievement of certain milestones and/or satisfaction of certain conditions).

Furthermore, the Corporation has agreed to cause each of its directors and executive officers to execute lock-up agreements, in favour of the Underwriters, pursuant to which they will agree that, for a period of 90 days following the Closing Date, each such director or officer will not, directly or indirectly, offer, sell, contract to sell, transfer, assign, pledge, grant any option to purchase, make any short sale or otherwise dispose of or monetize any Common Shares or other securities of the Corporation held by them, whether now owned directly or indirectly, or under their control or direction, or with respect to which each has a beneficial ownership, or subsequently acquired, directly or indirectly by them, or enter into any transaction or other arrangement that has the effect of transferring all or a portion of the economic consequences associated with the ownership of such securities, or agree to do any of the foregoing or publicly announce any intention to do so, subject to certain limited exceptions (including, but not limited to, tendering securities in any bona fide takeover bid or any merger or business combination of the Corporation, and sales of a portion of the securities issued on exercise of any outstanding stock options set to expire during that period for certain purposes including to pay the exercise price in respect of such options), which in certain cases require the prior written consent of the Lead Underwriter, such consent not to be unreasonably withheld.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. One or more book entry-only certificates representing the Offered Shares will be issued in registered form to CDS or its nominee and deposited with CDS on the applicable closing date. A purchaser of Offered Shares or Additional Shares will receive only a customer confirmation from the registered dealer through which the Offered Shares or Additional Shares are purchased, unless a definitive certificate is required.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made reasonable efforts to sell all of the Offered Shares qualified for distribution by this Prospectus at such price, the Offering Price may be decreased, and further changed from time to time to an amount not greater than the Offering Price. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the proceeds paid by the Underwriters to the Corporation. The Underwriters shall inform the Corporation if the Offering Price is decreased.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Offered Shares ends and all stabilization arrangements relating to the Common Shares are terminated, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions, including (i) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, (ii) a bid for or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriters, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules, (iii) a bid for or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules, and (iv) transactions in compliance with United States securities law. The Underwriters may rely on such exemptions on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Subject to applicable laws and in connection with the Offering, the Underwriters may effect transactions in connection with the Offering intended to stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

It is anticipated that certain members of the Corporation's board of directors and executive management team may participate in the Offering on the same terms as other investors. Certain of the Underwriters and their affiliates have performed investment banking, lending, commercial banking and advisory services for the Corporation from time to time for which they have received customary fees and expenses. The Underwriters and their affiliates may, from time to time, engage in transactions with and perform services for the Corporation in the ordinary course of their business. See "Relationship Between the Corporation and Certain Underwriters".

The Offering is being made concurrently in all of the provinces and territories of Canada. The Offered Shares and the Additional Shares, if any, will be offered in Canada through the Underwriters directly or through their respective registered broker-dealer affiliates.

The Corporation has received conditional approval to list the Offered Shares and the Additional Shares, if any, distributed under this Prospectus on the TSX. The NYSE American has also approved the listing of the Offered Shares and the Additional Shares, if any, on the NYSE American. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before November 12, 2019 and all of the listing requirements of the NYSE American.

The Offered Shares have not been registered under the U.S. Securities Act or any state securities laws of the United States, and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. persons except in transactions registered under the U.S. Securities Act or exempt from the registration requirements of the U.S. Securities Act and in compliance with all applicable state securities laws. The Underwriters have agreed that they will not offer or sell the Offered Shares to, or for the account or benefit of, persons in the United States or U.S. persons except to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) of the U.S. Securities Act and pursuant to similar exemptions under applicable state securities laws. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Offered Shares to, or for the account or benefit of, a person in the United States or a U.S. person. The Underwriters may also offer and sell Offered Shares outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to an exemption from the registration requirements of the U.S. Securities Act.

The Underwriters have agreed that, except as provided in the Underwriting Agreement in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable laws of any state of the United States, they will not offer or sell the Offered Shares to, or for the account or benefit of, a person in the United States or a U.S. person: (i) as part of their distribution; or (ii) otherwise until 40 days after the later of the commencement of this Offering and the date of closing of this Offering (the "Distribution Compliance Period"), except in either case offers and sales of the Offered Shares made in compliance with Rule 903 of Regulation S under the U.S. Securities Act, or in compliance with an exemption from the registration requirements of the U.S. Securities Act and applicable laws of any state of the United States. In addition, an Underwriter or U.S. broker-dealer selling Offered Shares to a distributor (as defined in Regulation S under the U.S. Securities Act), dealer (as defined in Rule 2(a)(12) of the U.S. Securities Act), or other person receiving a selling concession, fee or other remuneration in respect of the Offered Shares, during the Distribution Compliance Period, must send to such persons a confirmation or other notice setting forth the above-noted restrictions on offers and sales of Offered Shares to, or for the account or benefit of, a person in the United States or a U.S. person until the expiration of the Distribution Compliance Period.

The Offered Shares offered or sold to, or for the account or benefit of, persons in the United States or U.S. persons will be "restricted securities", as such term is defined in Rule 144(a)(3) under the U.S. Securities Act. The Offered Shares which are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. person will not be registered under the U.S. Securities Act and may only be offered, sold, pledged or otherwise transferred, directly or indirectly, pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and in compliance with applicable securities laws of any state of the United States.

Notice to Prospective Investors in the European Economic Area

This Prospectus has been prepared on the basis that all offers of the Offered Shares, if any, will be made in any member state (a "Member State") of the European Economic Area ("EEA") pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"), from the requirement to produce a prospectus for offers of the Offered Shares. Accordingly, any person making or intending to make any offer within any Member State of the Offered Shares should only do so in circumstances in which no obligation arises for the Corporation or any of the Underwriters to produce a prospectus for such offer. Neither we nor any Underwriter has authorized, nor do we or they authorize, the making of any offer of the Offered Shares through any financial intermediary, other than offers made by the Underwriters, which constitute the final placement of the Offered Shares contemplated in this Prospectus.

Each Underwriter has represented and agreed, and each further Underwriter appointed under the Offering will be required to represent and agree, that it has not made and will not make an offer of any Offered Shares to the public in any Member State, except that it may make an offer of such Offered Shares to the public in that Member State:

- (a) at any time to any legal entity that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a "**Qualified Investor**");
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offered Shares shall result in a requirement for the publication by the Corporation or any Underwriter of a prospectus pursuant to Article 3(1) of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Offered Shares to the public" in relation to any Offered Shares in any Member State means the communication in any form and by any means, presenting sufficient information on the terms of the offer and the Offered Shares so as to enable an investor to decide to purchase or subscribe for the Offered Shares. Each subscriber for the Offered Shares located in a Member State will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor.

Notice to Prospective Investors in the United Kingdom

This Prospectus is for distribution only to Qualified Investors who are persons (i) who have professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) who are high net worth companies, unincorporated associations and other persons to which this prospectus may be provided in accordance with Article 49(2)(a)-(d) of the Order or (iii) to whom it may otherwise be lawfully provided (all such persons together being referred to as "relevant persons"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (“**FSMA**”)) received by it in connection with the issue or sale of the Offered Shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offered Shares in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (“**Corporations Act**”)) in relation to the Offered Shares has been or will be lodged with the Australian Securities & Investments Commission (“**ASIC**”). This Prospectus has not been and will not be lodged with ASIC. This Prospectus does not constitute a prospectus or other disclosure document under the Corporations Act and does not purport to include the information required for a prospectus or other disclosure document under the Corporations Act. Any offer in Australia of the Offered Shares is only directed to certain categories of exempt persons. Accordingly, if you receive this Prospectus in Australia:

- (a) you confirm and warrant that you are either:
 - (i) “sophisticated investor” under Section 708(8)(a) or (b) of the Corporations Act;
 - (ii) a “sophisticated investor” under Section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
 - (iii) a person associated with us under Section 708(12) of the Corporations Act; or
 - (iv) a “professional investor” within the meaning of Section 708(11)(a) or (b) of the Corporations Act,

and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

- (b) you warrant and agree that you will not offer any of the shares of our common stock for resale in Australia within 12 months of the shares of our common stock being issued unless
 - (i) any such resale offer is exempt from the requirement to issue a disclosure document under Section 708 of the Corporations Act; and
 - (ii) any person acquiring shares under such an exemption also agrees to observe the resale restrictions under the Corporations Act in respect of those shares.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS

In connection with the Offering, the Corporation may be considered to be a “connected issuer” as defined in NI 33-105 to each of the Connected Underwriters under applicable Canadian securities legislation. Affiliates of each of the Connected Underwriters (the “**Lender Affiliates**”) are lenders to the Corporation under the Corporation’s US\$400 million revolving secured credit facility with a syndicate of banks led by The Bank of Nova Scotia and Royal Bank of Canada, as amended and restated in October 2018 (the “**Credit Facility**”). An aggregate of US\$114 million of the Credit Facility has been utilized for the issuance of letters of credit (based on Canadian dollar and Australian dollar exchange rates on August 13, 2019) and no other amounts have been drawn under the Credit Facility. The Corporation is in compliance with the Credit Facility and no breach thereof has been waived by the lenders since its execution. Since the entering into of the Credit Facility, the financial position of the Corporation has changed as disclosed herein and in the Corporation’s continuous disclosure filings. Payment and performance of the Corporation’s obligations under the Credit Facility are secured by certain charges over real property of the Corporation and certain of the Corporation’s personal property connected to or located at such real property, as well as unsecured guarantees by certain subsidiaries of the Corporation and postponements and subordination of intercompany indebtedness by certain subsidiaries of the Corporation.

As a consequence of the Offering, none of the Underwriters will receive a benefit in connection with the Offering, other than their respective share of the Underwriters’ Fee.

In addition, affiliates of: (i) each of RBC, Scotia, CIBC and TD are party to certain gold sales agreements with the Corporation; (ii) each of RBC, Scotia, CIBC, TD, JPM and BAML are party to certain gold and copper hedging agreements with the Corporation, and (iii) each of RBC, Scotia, CIBC, JPM and BAML are party to certain ISDA master agreements with the Corporation.

The decision to distribute the Offered Shares, including the determination of the terms of the Offering, was made through negotiations between the Corporation and the Lead Underwriter, on behalf of the Underwriters. The Lender Affiliates did not have any involvement in such decision or determination.

DESCRIPTION OF COMMON SHARES

This Prospectus is being filed for the purposes of qualifying the distribution of Offered Shares, and the grant of the Over-Allotment Option.

The Corporation is authorized to issue an unlimited number of Common Shares, of which there were 579,115,291 Common Shares issued and outstanding as of August 22, 2019.

Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Corporation’s board of directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights. The Common Shares do not carry any provisions permitting or restricting the issuance of additional securities or other material restrictions, nor do they contain any provisions requiring a securityholder to contribute additional capital.

To date, New Gold has not paid dividends on its shares. The Corporation currently intends to retain future earnings, if any, for use in its business and does not, at this time, anticipate paying dividends on its shares. Any determination to pay any future dividends will remain at the discretion of the Corporation’s board of directors and will be made taking into account its financial condition and other factors deemed relevant by the board. Further,

pursuant to the Credit Facility, or other debt instruments of the Corporation, the Corporation may, in certain circumstances, be required to obtain consent from the lenders thereto prior to declaring dividends.

PRIOR SALES

Common Shares

The following table summarizes details of the Common Shares issued by the Corporation during the 12-month period prior to the date of this Prospectus.

Date of Issuance	Security	Price per Common Share ⁽¹⁾	Number of Common Shares
December 12, 2018	Common Shares ⁽²⁾	C\$1.09	366,953

Notes:

- (1) Reflects the volume weighted average trading price (“VWAP”) of the Common Shares on the TSX for the five trading days ending prior to the date of issuance.
- (2) Issued pursuant to the vesting of performance share units under the Corporation’s long-term incentive plan. Price reported reflects closing price on date of issuance.

Stock Options

The following table summarizes details of the stock options issued by the Corporation during the 12 month period prior to the date of this Prospectus.

Date of Issuance	Security	Exercise Price per Security	Number of Securities
February 26, 2019	Stock Options	C\$1.17	2,037,199
November 15, 2018	Stock Options	C\$1.09	153,846

Performance Share Units

The following table summarizes details of the performance share units granted by the Corporation during the 12-month period prior to the date of this Prospectus. Performance share units granted by the Corporation may be satisfied in cash or Common Shares or a combination thereof, and at the time of grant the Board can determine that a portion of the grant will be satisfied only in cash (“Cash-Only PSUs”). For all performance share units granted to date, the number of Common Shares to be issued or the amount of cash to be paid on the entitlement date thereof will vary based on an “Achieved Performance”. The Achieved Performance is a percentage from 50% to 150% that is multiplied by the number of performance share units granted to determine the number of Common Shares to be issued and/or the amount of cash to be paid on the entitlement date. Achieved Performance is calculated based on the difference between New Gold’s total shareholder return (“TSR”) and the TSR of the S&P/TSX Global Gold Index. Cash-only performance share units are not included in the table below.

Date of Issuance	Security	Price per Security ⁽¹⁾	Number of Securities ⁽²⁾
February 26, 2019	Performance Share Units	C\$1.22	992,482
November 15, 2018	Performance Share Units	C\$1.18	540,078

Notes:

- (1) Reflects the VWAP of the Common Shares on the TSX for the five trading days ending prior to the date of issuance.
- (2) 511,300 of the performance share units granted on February 26, 2019 were Cash-Only PSUs, and 300,773 of the performance share units granted on November 15, 2018 were Cash-Only PSUs.

TRADING PRICE AND VOLUME

Common Shares

The Common Shares are listed and posted for trading on the TSX and the NYSE American under the symbol “NGD”.

The following table sets forth information relating to the trading of the Common Shares on the TSX for the 12-month period prior to the date of this Prospectus.

Month	High (C\$)	Low (C\$)	Volume
August 2019 ⁽¹⁾	1.84	1.44	33,406,647
July 2019	2.03	1.15	49,583,016
June 2019	1.28	0.86	47,523,165
May 2019	1.18	0.82	20,503,576
April 2019	1.28	1.11	11,463,626
March 2019	1.21	1.09	32,168,694
February 2019	1.75	1.11	35,116,861
January 2019	1.65	1.05	32,894,120
December 2018	1.19	0.99	23,111,329
November 2018	1.25	1.00	18,045,000
October 2018	1.18	0.90	32,096,889
September 2018	1.47	0.97	43,579,481
August 2018	1.76	1.24	27,051,323

Note:

(1) For August 1- 22, 2019.

At the close of business on August 22, 2019, the last trading day prior to the date of this Prospectus, the price of the Common Shares as quoted by the TSX was C\$1.56.

The following table sets forth information relating to the aggregate trading of the Common Shares on the NYSE American and other US marketplaces for the 12-month period prior to the date of this Prospectus.

Month	High (US\$)	Low (US\$)	Volume
August 2019 ⁽¹⁾	1.40	1.08	82,915,845
July 2019	1.56	0.86	134,894,887
June 2019	0.98	0.64	157,027,870
May 2019	0.89	0.61	43,080,932
April 2019	0.96	0.83	33,210,494
March 2019	0.90	0.82	42,210,431
February 2019	1.33	0.84	94,805,060
January 2019	1.24	0.76	78,265,543
December 2018	0.89	0.73	65,543,305
November 2018	0.94	0.76	58,143,014
October 2018	0.89	0.70	74,018,663
September 2018	1.13	0.75	99,073,905
August 2018	1.35	0.95	87,397,537

Note:

(1) For August 1-22, 2019.

At the close of business on August 22, 2019, the last trading day prior to the date of this Prospectus, the price of the Common Shares as quoted by the NYSE American was US\$1.17.

RISK FACTORS

An investment in the Common Shares of the Corporation is highly speculative and involves significant risks. Any prospective investor should review and carefully consider all of the information contained and incorporated by reference in this Prospectus and in particular, the risk factors identified in the Annual Information Form, before purchasing any of the Offered Shares distributed under this Prospectus. The risks described herein are not the only risk factors facing the Corporation and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also materially and adversely affect the business, operations and condition, financial or otherwise, of the Corporation.

Significant Sales in Public Markets

Sales of a substantial number of the Common Shares or other equity-related securities in the public markets by the Corporation could depress the market price of the Common Shares and impair the Corporation's ability to raise capital through the sale of additional equity securities. The Corporation cannot predict the effect that future sales of the Common Shares or other equity-related securities would have on the market price of the Common Shares. The price of the Common Shares could be affected by possible sales of the Common Shares by hedging or arbitrage trading activity which the Corporation expects to occur involving the Common Shares.

Future Sales or Issuances of Equity Securities

The Corporation may sell additional equity securities in subsequent offerings (including through the sale of convertible debt instruments or other securities convertible into equity securities). The Corporation cannot predict the size of future issuances of equity securities or the size and terms of future issuances of convertible debt instruments or other securities convertible into equity securities or the effect, if any, that future issuance and sales of the Corporation's securities will have on the market price of the Common Shares.

Volatility in the Market Price of the Corporation's Securities

The Common Shares are listed on the TSX and NYSE American. The per share price of the Common Shares on the TSX fluctuated from a high of C\$3.76 to a low of C\$0.82 and on the NYSE American from a high of US\$3.07 to a low of US\$0.61 during the eighteen-month period ending July 31, 2019. There can be no assurance that continual fluctuation in price will not occur.

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, currency fluctuations and market perceptions of the attractiveness of particular industries. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not continue to follow the Corporation's securities; the lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of Common Shares; and the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities. The price of the Common Shares is also likely to be significantly affected by short-term changes in gold, and, to a lesser extent, copper and silver, prices, by the Corporation's financial condition and results of operations as reflected in its quarterly financial statements and by other operational and regulatory matters.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect New Gold's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. New Gold may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Investors May Lose Their Entire Investment

An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Corporation.

Use of Proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering as described under "Use of Proceeds". However, management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under "Use of Proceeds" if the Corporation believes it would be in the Corporation's best interests to do so. Accordingly, although such allocations are based on the current expectation of management of the Corporation, there may be circumstances where for sound business reasons, a reallocation of funds may be necessary. Shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the Corporation.

Dividends

To date, the Corporation has not paid dividends on its shares and does not anticipate paying dividends in the immediate future. Any determination to pay any future dividends will remain at the discretion of the Corporation's board of directors and will be made taking into account its financial condition and other factors deemed relevant by the board.

Enforcement of Legal Rights

The Corporation has certain subsidiaries organized under the laws of foreign jurisdictions and certain of the Corporation's directors and personnel are located outside of Canada. Given that certain assets of the Corporation are located outside of Canada and certain of its directors and personnel are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Corporation in respect of such foreign assets, or against the Corporation's directors and personnel, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise.

INTEREST OF EXPERTS

The scientific and technical information relating to the Corporation's mineral projects set forth in or incorporated by reference in this Prospectus has been derived from, and in some instances is an extract from, or is based on the following technical reports. Copies of the technical reports are available electronically on SEDAR (www.sedar.com).

- (a) The most recent technical report on New Afton that is filed on SEDAR and EDGAR is titled "Technical Report on the New Afton Mine, British Columbia, Canada" dated March 23, 2015 by David W. Rennie, P. Eng, R. Dennis Bergen, P. Eng., and Holger Krutzelmann, P. Eng., for Roscoe Postle Associates Inc.
- (b) The most recent technical report on Rainy River that is filed on SEDAR and EDGAR is titled "Technical Report on the Rainy River Mine, Ontario, Canada" dated July 25, 2018 by Nicholas Kwong, P.Eng, Michele Della Libera, P.Geo., Dinara Nussipakynova, P.Geo, Andrew Paul Hampton, P.Eng., Binsar Sirait, SME Registered Member, Herbert A. Smith, P.Eng., Lee Patrick Gochnour, QP, MMSA (the "**Rainy River Technical Report**").

The scientific and technical information contained in this Prospectus and in certain documents incorporated by reference herein has been reviewed and approved by: Eric Vinet, Vice President of the Corporation and General Manager of the Rainy River Mine and Mark A. Petersen, a consultant to New Gold, and the former Vice President, Exploration of the Corporation.

Mr. Vinet is a Professional Engineer and a member of the Order des ingénieurs du Québec. Mr. Petersen is a Practicing Member of the Association of Professional Geoscientists of Ontario, an SME Registered Member and an

AIPG Certified Professional Geologist. Messrs. Vinet and Petersen are “Qualified Persons” for the purposes of NI 43-101.

In connection with this Prospectus, the Corporation has applied for an exemption pursuant to Section 8.1 of National Instrument 44-101 – Short Form Prospectus Distributions (“**NI 44-101**”) and Section 19.1 of National Instrument 41-101 – General Prospectus Requirements (“**NI 41-101**”) with respect to two Qualified Persons who are former employees of the Corporation and who prepared the Rainy River Technical Report and/or reviewed and approved certain other disclosure in the Annual Information Form and Annual MD&A, and whose consents (the “**Required Consents**”) are required under Section 4.2(a)(vii) of NI 44-101 and Section 10.1 of NI 41-101. Both individuals have new employers and have indicated that they are unwilling to provide the Required Consents to their former employer, the Corporation. As a result, the Corporation has filed an alternative consent from Mr. Vinet with respect to such disclosure. Pursuant to Section 8.2 of NI 44-101 and Section 19.3 of NI 44-101, the exemptions from Section 4.2(a)(vii) of NI 44-101 and Section 10.1 of NI 41-101 will be evidenced by the issuance of a receipt for this Prospectus.

To the Corporation’s knowledge, each of the aforementioned firms or persons held less than 1% of the outstanding securities of the Corporation or of any associate or affiliate of the Corporation when they prepared the reports referred to above or following the preparation of such reports. None of the aforementioned firms or persons received any direct or indirect interest in any securities of the Corporation or of any associate or affiliate of the Corporation in connection with the preparation of such reports.

Based on information provided by the relevant persons, none of the aforementioned firms or persons, nor any directors, officers or employees of such firms, is currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation except for Mr. Vinet who is currently an employee of the Corporation.

Each of Cassels Brock & Blackwell LLP, Canadian counsel for the Corporation, and Davies Ward Phillips & Vineberg LLP, Canadian counsel for the Underwriters, has provided its opinion on certain matters contained in this Prospectus. As of the date hereof, partners and associates of Cassels Brock & Blackwell LLP and Davies Ward Phillips & Vineberg LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% of the securities of the Corporation.

Deloitte LLP is the auditor of the Corporation and is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

LIST OF EXEMPTIONS

Pursuant to Section 4.2(a)(vii) of NI 44-101 and Section 10.1 of NI 41-101, the Corporation is required to file a written consent from certain Qualified Persons in connection with the filing of this Prospectus. As indicated in the “Interest of Experts” section of this Prospectus, the Corporation was not able to obtain the Required Consents from two individuals. As a result, the Corporation applied for an exemption from the requirement to file the Required Consents from such individuals in connection with the filing of this Prospectus on the basis that the Corporation would file an alternative consent from another Qualified Person. Pursuant to Section 8.2 of NI 44-101 and Section 19.3 of NI 44-101, the exemptions from Section 4.2(a)(vii) of NI 44-101 and Section 10.1 of NI 41-101 will be evidenced by the issuance of a receipt for this Prospectus.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: August 23, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

NEW GOLD INC.

(Signed) Renaud Adams
President and
Chief Executive Officer

(Signed) Robert J. Chausse
Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Ian Pearce
Director

(Signed) Marilyn Schonberner
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: August 23, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

(Signed) Ilan Bahar
Managing Director & Co-Head
Global Metals & Mining

**RBC DOMINION SECURITIES
INC.**

(Signed) Lance Rishor
Managing Director, Investment
Banking

SCOTIA CAPITAL INC.

(Signed) Geoff Smith
Managing Director, Global
Investment Banking

CIBC WORLD MARKETS INC.

(Signed) Steve Reid
Managing Director

TD SECURITIES INC.

(Signed) Sajid Rizvi
Managing Director

**J.P. MORGAN SECURITIES
CANADA INC.**

(Signed) David Rawlings
Chief Executive Officer (Canada)

**MERRILL LYNCH CANADA
INC.**

(Signed) Gaylen Duncan
Chief Operating Officer, Managing
Director (Global Banking and
Markets)

**CREDIT SUISSE SECURITIES
(CANADA), INC.**

(Signed) Matthew Hind
Managing Director

**NATIONAL BANK FINANCIAL
INC.**

(Signed) Jason Ellefson
Managing Director & Head, Global
Mining & Metals

CANACCORD GENUITY CORP.

(Signed) Gunnar Eggertson
Managing Director, Investment
Banking – Head of Mining (Canada)

CORMARK SECURITIES INC.

(Signed) Darren Wallace
Managing Director, Investment
Banking

EIGHT CAPITAL

(Signed) Jason Yeung
Principal, Managing Director,
Investment Banking

GMP SECURITIES L.P.

(Signed) Michael Barman
Managing Director, Investment
Banking

**LAURENTIAN BANK
SECURITIES INC.**

(Signed) Joseph Gallucci
Managing Director, Investment
Banking

PARADIGM CAPITAL INC.

(Signed) John Booth
Partner, Corporate Finance

RAYMOND JAMES LTD.

(Signed) John Willett
Managing Director

newgold™