



# Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2020



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## CONDENSED CONSOLIDATED INCOME STATEMENTS

		Three months ended June 30		Six months ended June 30	
<i>(in millions of U.S. dollars, except per share amounts)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues		<b>128.5</b>	155.1	<b>270.8</b>	323.0
Operating expenses	3	<b>66.2</b>	85.1	<b>155.9</b>	172.0
Depreciation and depletion		<b>40.6</b>	53.6	<b>92.6</b>	114.8
Revenue less cost of goods sold		<b>21.7</b>	16.4	<b>22.3</b>	36.2
Corporate administration		<b>3.4</b>	3.7	<b>7.9</b>	9.0
Share-based payment expenses	13	<b>0.8</b>	1.1	<b>1.0</b>	1.4
Exploration and business development		<b>0.9</b>	1.8	<b>2.7</b>	2.2
Income from operations		<b>16.6</b>	9.8	<b>10.7</b>	23.6
Finance income	3	<b>0.3</b>	0.5	<b>0.5</b>	1.0
Finance costs	3	<b>(14.0)</b>	(16.5)	<b>(27.5)</b>	(31.8)
Other (losses) gains	3	<b>(56.5)</b>	(28.5)	<b>(60.4)</b>	(37.2)
Loss before taxes		<b>(53.6)</b>	(34.7)	<b>(76.7)</b>	(44.4)
Income tax recovery (expense)	14	<b>8.0</b>	(1.0)	<b>2.8</b>	(4.7)
<b>Net loss</b>		<b>(45.6)</b>	(35.7)	<b>(73.9)</b>	(49.1)
Net loss per share					
Basic	13	<b>(0.07)</b>	(0.06)	<b>(0.11)</b>	(0.08)
Diluted	13	<b>(0.07)</b>	(0.06)	<b>(0.11)</b>	(0.08)
<i>Weighted average number of shares outstanding (in millions)</i>					
Basic	13	<b>676.0</b>	579.1	<b>676.0</b>	579.1
Diluted	13	<b>676.0</b>	579.1	<b>676.0</b>	579.1

See accompanying notes to the condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three months ended June 30		Six months ended June 30	
<i>(in millions of U.S. dollars)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Net loss</b>		<b>(45.6)</b>	(35.7)	<b>(73.9)</b>	(49.1)
<i>Other comprehensive income</i>					
Gain on revaluation of Non-current derivative financial liabilities	10	<b>(50.3)</b>	(0.8)	<b>(50.3)</b>	(3.7)
Deferred income tax related to Non-current derivative financial liabilities	10	—	0.1	—	1.1
Total other comprehensive income (loss)		<b>(50.3)</b>	(0.7)	<b>(50.3)</b>	(2.6)
<b>Total comprehensive loss</b>		<b>(95.9)</b>	(36.4)	<b>(124.2)</b>	(51.7)

See accompanying notes to the condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at June 30	As at December 31
<i>(in millions of U.S. dollars)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents		700.2	83.4
Trade and other receivables	4	20.8	23.7
Inventories	6	100.6	110.0
Current income tax receivable		3.6	4.5
Prepaid expenses and other		9.3	7.1
<b>Total current assets</b>		<b>834.5</b>	228.7
Mining interests	7	1,593.3	1,928.0
Other assets		3.5	1.8
Assets held for sale	8	320.0	—
<b>Total assets</b>		<b>2,751.3</b>	2,158.5
<b>LIABILITIES AND EQUITY</b>			
<i>Current liabilities</i>			
Trade and other payables	5	165.0	171.6
Current income tax payable		—	0.3
<b>Total current liabilities</b>		<b>165.0</b>	171.9
Reclamation and closure cost obligations	15	85.8	94.7
Non-current derivative financial liabilities	10	503.4	142.9
Long-term debt	9	1,078.9	714.5
Deferred tax liabilities	14	44.5	48.3
Lease obligations	11	23.9	23.9
Other liabilities		2.2	1.0
Liabilities held for sale	8	9.9	—
<b>Total liabilities</b>		<b>1,913.6</b>	1,197.2
<i>Equity</i>			
Common shares	13	3,144.6	3,144.5
Contributed surplus		106.2	105.7
Other reserves		(63.9)	(13.6)
Deficit		(2,349.2)	(2,275.3)
<b>Total equity</b>		<b>837.7</b>	961.3
<b>Total liabilities and equity</b>		<b>2,751.3</b>	2,158.5

See accompanying notes to the condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six months ended June 30			
<i>(in millions of U.S. dollars)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>COMMON SHARES</b>			
<i>Balance, beginning of period</i>		3,144.5	3,035.2
Shares issued for exercise of options and vested PSUs	13	0.1	—
<i>Balance, end of period</i>		3,144.6	3,035.2
<b>CONTRIBUTED SURPLUS</b>			
<i>Balance, beginning of period</i>		105.7	105.0
Equity settled share-based payments		0.5	0.5
<i>Balance, end of period</i>		106.2	105.5
<b>OTHER RESERVES</b>			
<i>Balance, beginning of period</i>		(13.6)	6.1
Gain (loss) on revaluation of Non-current derivative financial liabilities (net of tax)	10	(50.3)	(2.6)
<i>Balance, end of period</i>		(63.9)	3.5
<b>DEFICIT</b>			
<i>Balance, beginning of period</i>		(2,275.3)	(2,201.8)
Net loss		(73.9)	(49.1)
<i>Balance, end of period</i>		(2,349.2)	(2,250.9)
<b>Total equity</b>		<b>837.7</b>	<b>893.3</b>

See accompanying notes to the condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

		Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars)	Note	2020	2019	2020	2019
<b>OPERATING ACTIVITIES</b>					
Net Loss		(45.6)	(35.7)	(73.9)	(49.1)
<i>Adjustments for:</i>					
Impairment loss on reclassification of asset as held for sale	8	36.8	—	36.8	—
Foreign exchange loss (gain)		3.5	(0.6)	(6.1)	1.3
Reclamation and closure costs paid	15	(1.1)	(2.4)	(3.2)	(5.5)
Depreciation and depletion		40.7	53.9	93.5	115.3
Financial instrument transaction costs	10	—	—	3.4	—
Other non-cash adjustments	16	12.3	27.7	25.2	34.9
Income tax recovery	14	(8.0)	1.0	(2.8)	4.7
Finance income	3	(0.3)	(0.5)	(0.5)	(1.0)
Finance costs	3	14.0	16.5	27.5	31.8
		52.3	59.9	99.9	132.4
Change in non-cash operating working capital	16	1.2	(10.1)	5.4	(6.9)
Income taxes paid		(0.7)	0.4	(1.2)	(1.0)
<b>Cash generated from operations</b>		<b>52.8</b>	<b>50.2</b>	<b>104.1</b>	<b>124.5</b>
<b>INVESTING ACTIVITIES</b>					
Mining interests		(50.2)	(37.8)	(115.5)	(88.2)
Proceeds from sale of Mesquite and other assets		1.5	0.3	9.1	12.3
Financial instrument acquisition costs		(1.0)	—	(1.8)	—
Interest received		0.3	0.6	0.5	1.0
<b>Cash used by investing activities</b>		<b>(49.4)</b>	<b>(36.9)</b>	<b>(107.7)</b>	<b>(74.9)</b>
<b>FINANCING ACTIVITIES</b>					
Issuance of senior unsecured notes, net of transaction costs	9	393.1	—	393.1	—
Proceeds from New Afton free cash flow interest obligation, net of transaction costs	10	(3.0)	—	296.6	—
Lease payments		(2.4)	(5.8)	(5.3)	(7.9)
Cash settlement of gold stream obligation	10	(4.0)	(4.5)	(8.7)	(9.1)
Interest paid		(23.8)	(25.9)	(25.2)	(27.2)
Repayment of credit facility	9	(65.0)	—	(30.0)	—
<b>Cash used by financing activities</b>		<b>294.9</b>	<b>(36.2)</b>	<b>620.5</b>	<b>44.2</b>
Effect of exchange rate changes on cash and cash equivalents		1.5	0.3	(0.1)	0.6
<b>Change in cash and cash equivalents</b>		<b>299.8</b>	<b>(22.6)</b>	<b>616.8</b>	<b>6.0</b>
Cash and cash equivalents, beginning of period		400.4	132.3	83.4	103.7
<b>Cash and cash equivalents, end of period</b>		<b>700.2</b>	<b>109.7</b>	<b>700.2</b>	<b>109.7</b>
<i>Cash and cash equivalents are comprised of:</i>					
Cash		590.6	81.5	590.6	81.5
Short-term money market instruments		109.6	28.2	109.6	28.2
		700.2	109.7	700.2	109.7

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2020

(Amounts expressed in millions of U.S. dollars, except per share amounts and unless otherwise noted)

### 1. Description of business and nature of operations

New Gold Inc. (“New Gold” or the “Company”) is an intermediate gold mining company engaged in the development and operation of mineral properties. The assets of the Company, directly or through its subsidiaries, are comprised of the Rainy River Mine in Canada (“Rainy River”), the New Afton Mine in Canada (“New Afton”) and the Cerro San Pedro Mine in Mexico (“Cerro San Pedro”). The Company also owns the Blackwater project in Canada (“Blackwater”).

The Company is a corporation governed by the Business Corporations Act (British Columbia). The Company’s shares are listed on the Toronto Stock Exchange and the NYSE American under the symbol NGD. The Company’s registered office is located at 1100 Melville Street, Suite 610, Vancouver, British Columbia, V6E 4A6, Canada.

### 2. Basis of preparation and significant accounting policies

#### (a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with the accounting policies disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2019.

These unaudited interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2019 which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies are presented as Note 2 in the audited consolidated financial statements for the year ended December 31, 2019 and have been consistently applied in the preparation of these unaudited condensed consolidated interim financial statements, except as noted below in “critical judgements in the application of accounting policies”. These unaudited condensed consolidated interim financial statements were approved by the Board of Directors of the Company on July 29th, 2020.

#### (b) Critical judgements in the application of accounting policies

##### *COVID-19 Economic Uncertainty*

The Company has assessed the economic impacts of the novel coronavirus (“COVID-19”) pandemic on its condensed consolidated interim financial statements. As at June 30, 2020, management has determined that the Company’s ability to execute its medium and longer term plans and the economic viability of its assets, the carrying value of its long-lived assets and inventory valuations are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in our supply chain, disruptions in the markets for our products, commodity prices and foreign exchange prices and the actions that the Company has taken at its operations to protect the health and safety of its workforce and local community.

### 3. Expenses

#### (a) Operating expenses by nature

	Three months ended June 30		Six months ended June 30	
<i>(in millions of U.S. dollars)</i>	2020	2019	2020	2019
<b>OPERATING EXPENSES BY NATURE</b>				
Raw materials and consumables	27.5	32.5	61.6	60.8
Salaries and employee benefits <sup>(1)</sup>	20.1	27.7	50.8	55.3
Contractors	14.0	22.8	30.6	39.6
Repairs and maintenance	9.5	10.8	18.0	21.4
General and administrative	4.5	4.9	9.8	11.3
Leases	0.9	3.0	1.8	4.0
Royalties	0.8	1.0	3.8	2.0
Drilling and analytical	0.4	0.4	0.7	0.7
Other	2.1	(0.6)	4.5	2.5
Total production expenses	79.8	102.5	181.6	197.6
Less: Production expenses capitalized	(13.1)	(12.2)	(29.9)	(29.9)
Add (less): Change in inventories	(0.5)	(5.2)	4.2	4.3
Total operating expenses	66.2	85.1	155.9	172.0

1. The government of Canada has provided the Canada Emergency Wage Subsidy for eligible Canadian employers whose business has been affected by COVID-19. This wage subsidy is treated as government assistance and is applied as a reduction to salaries and employee benefits.

#### (b) Finance costs and income

	Three months ended June 30		Six months ended June 30	
<i>(in millions of U.S. dollars)</i>	2020	2019	2020	2019
<b>FINANCE COSTS</b>				
Interest on senior unsecured notes	11.5	13.2	22.5	25.0
Interest on Credit Facility	1.1	—	1.7	—
Accretion	1.1	1.1	2.4	2.9
Other finance costs	1.0	2.2	2.1	3.9
	14.6	16.5	28.6	31.8
Less: amounts included in cost of qualifying assets	(0.6)	—	(1.1)	—
Total finance costs	14.0	16.5	27.5	31.8
<b>FINANCE INCOME</b>				
Interest income	0.3	0.5	0.5	1.0

(c) Other (losses) and gains

(in millions of U.S. dollars)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>OTHER (LOSSES) AND GAINS</b>				
UG Shutdown Costs <sup>(1)</sup>	—	(1.7)	—	(3.4)
(Loss) gain on foreign exchange	(4.0)	0.6	6.8	(1.3)
(Loss) gain on disposal of assets	(0.4)	0.1	(1.2)	—
(Loss) gain on revaluation of investments	—	(0.4)	—	0.1
Unrealized loss on revaluation of financial instruments	(13.7)	(8.4)	(22.9)	(13.1)
Settlement and (loss) gain on revaluation of gold price option contracts	(8.3)	(23.6)	(9.5)	(22.5)
Settlement and gain (loss) on revaluation of copper price option contracts	—	2.5	—	(0.6)
Gain on foreign exchange derivative	6.6	4.0	6.6	4.0
Impairment loss on reclassification of asset as held for sale (Note 8)	(37.7)	—	(37.7)	—
Revaluation of CSP's reclamation and closure cost obligation	1.7	(1.0)	2.1	(2.0)
New Afton free cash flow interest obligation transaction costs (Note 10)	—	—	(3.4)	—
Gain on receivable associated with Mesquite sale <sup>(2)</sup>	—	—	—	2.1
Other	(0.7)	(0.6)	(1.2)	(0.5)
<b>Total other (losses) gains</b>	<b>(56.5)</b>	<b>(28.5)</b>	<b>(60.4)</b>	<b>(37.2)</b>

1. In early 2019, the Company announced that it has deferred the Rainy River underground mine development plan. As a result, the Company has recognized demobilization and related costs within other (losses) and gains.
2. In 2019, the Company recognized a gain on the collection of the outstanding working capital proceeds due from the sale of Mesquite and income tax refunds at Mesquite.

#### 4. Trade and other receivables

	As at June 30	As at December 31
<i>(in millions of U.S. dollars)</i>	<b>2020</b>	<b>2019</b>
<b>TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	7.7	5.9
Sales tax receivable	7.9	7.1
Unsettled provisionally priced concentrate derivatives and swap contracts (Note 12)	0.3	0.2
Proceeds due from sale of Mesquite	—	9.0
Other	4.9	1.5
<b>Total trade and other receivables</b>	<b>20.8</b>	<b>23.7</b>

#### 5. Trade and other payables

	As at June 30	As at December 31
<i>(in millions of U.S. dollars)</i>	<b>2020</b>	<b>2019</b>
<b>TRADE AND OTHER PAYABLES</b>		
Trade payables	41.2	39.7
Interest payable	6.5	6.1
Accruals	47.4	65.5
Current portion of reclamation and closure cost obligations (Note 15)	9.2	12.3
Current portion of gold stream obligation (Note 10)	24.8	21.6
Current portion of derivative liabilities (Note 12)	35.9	26.4
<b>Total trade and other payables</b>	<b>165.0</b>	<b>171.6</b>

#### 6. Inventories

	As at June 30	As at December 31
<i>(in millions of U.S. dollars)</i>	<b>2020</b>	<b>2019</b>
<b>INVENTORIES</b>		
Stockpile ore	25.9	32.6
Work-in-process	8.5	8.3
Finished goods <sup>(1)</sup>	10.9	12.5
Supplies	55.3	56.6
<b>Total current inventories</b>	<b>100.6</b>	<b>110.0</b>

1. The amount of inventories recognized in operating expenses for the three and six months ended June 30, 2020 were \$63.5 million and \$148.5 million (2019 - \$82.3 million and \$166.2 million).

## 7. Mining interests

	Mining Properties				Total
	Depletable	Non- depletable	Plant & equipment	Construction in progress	
<i>(in millions of U.S. dollars)</i>					
<b>COST</b>					
<b>As at December 31, 2018</b>	1,262.7	367.6	1,191.4	127.2	2,948.9
Additions	87.3	43.5	75.5	103.5	309.8
Disposals	(0.2)	(0.1)	(6.7)	—	(7.0)
Transfers	101.3	—	—	(101.3)	—
Government grant <sup>(1)</sup>	—	(2.0)	—	—	(2.0)
<b>As at December 31, 2019</b>	<b>1,451.1</b>	<b>409.0</b>	<b>1,260.2</b>	<b>129.4</b>	<b>3,249.7</b>
Additions	10.8	26.7	32.1	46.0	115.6
Disposals	—	—	(8.2)	—	(8.2)
Transfers	60.6	—	—	(60.6)	—
Reclassified as held-for-sale	—	(344.3)	(20.9)	—	(365.1)
<b>As at June 30, 2020</b>	<b>1,522.5</b>	<b>91.5</b>	<b>1,263.2</b>	<b>114.8</b>	<b>2,992.0</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>As at December 31, 2018</b>	717.0	—	378.5	—	1,095.5
Depreciation for the year	114.4	—	114.9	—	229.3
Disposals	—	—	(3.1)	—	(3.1)
<b>As at December 31, 2019</b>	<b>831.4</b>	<b>—</b>	<b>490.3</b>	<b>—</b>	<b>1,321.7</b>
Depreciation for the period	34.8	—	55.1	—	89.9
Disposals	—	—	(6.3)	—	(6.3)
Reclassified as held for sale	—	—	(6.6)	—	(6.6)
<b>As at June 30, 2020</b>	<b>866.2</b>	<b>—</b>	<b>532.5</b>	<b>—</b>	<b>1,398.7</b>
<b>CARRYING AMOUNT</b>					
<b>As at December 31, 2019</b>	<b>619.7</b>	<b>409.0</b>	<b>769.9</b>	<b>129.4</b>	<b>1,928.0</b>
<b>As at June 30, 2020</b>	<b>656.3</b>	<b>91.5</b>	<b>730.7</b>	<b>114.8</b>	<b>1,593.3</b>

1. The province of British Columbia provides an incentive for exploration in British Columbia as a refundable tax credit. This refundable tax credit is treated as government assistance and reduces Mining Interests. For the year ended December 31, 2019, the Company received \$2.0 million in refundable tax credits which was recorded as a reduction to Mining Interests.

### Carrying amount by property as at June 30, 2020

	As at June 30, 2020				
	Depletable	Non- depletable	Plant & equipment	Construction in progress	Total
<i>(in millions of U.S. dollars)</i>					
<b>MINING INTEREST BY SITE</b>					
New Afton	361.8	72.9	146.4	28.4	609.5
Rainy River	294.5	17.8	581.0	86.4	979.7
Other <sup>(1)</sup>	—	0.8	3.3	—	4.1
Carrying amount	656.3	91.5	730.7	114.8	1,593.3

1. Other includes corporate balances and exploration properties.

Carrying amount by property as at December 31, 2019:

As at December 31, 2019					
<i>(in millions of U.S. dollars)</i>	<b>Depletable</b>	<b>Non-depletable</b>	<b>Plant &amp; equipment</b>	<b>Construction in progress</b>	<b>Total</b>
<b>MINING INTEREST BY SITE</b>					
New Afton	371.4	50.0	149.2	17.8	588.4
Rainy River	248.3	17.8	602.1	111.6	979.8
Blackwater	—	340.1	14.5	—	354.6
Other <sup>(1)</sup>	—	1.1	4.1	—	5.2
Carrying amount	619.7	409.0	769.9	129.4	1,928.0

1. Other includes corporate balances and exploration properties.

## 8. Assets and liabilities held for sale

On June 9, 2020 the Company announced that it entered into an agreement with Artemis Gold Inc. ("Artemis") to sell the Company's 100% interest in the Blackwater project to Artemis in exchange for C\$190 million in cash (C\$140 million in cash upon closing of the transaction and C\$50 million in cash payable twelve months following closing of the transaction (the "second instalment")), a 8% stream on gold production from the Blackwater property (reducing to 4% of gold production once approximately 280,000 ounces of gold have been delivered to New Gold) and C\$20 million in Artemis shares upon closing of the transaction (subject to New Gold not acquiring more than 9.9% of Artemis' issued and outstanding common shares, in which case the difference between C\$20 million and the value of the shares issued to New Gold shall be added to the second instalment).

In the event that agreed upon production targets at Blackwater are not achieved by the 7th, 8th or 9th anniversary of closing of the transaction, New Gold will be entitled to receive additional cash payments of C\$28 million on each of those dates.

As at June 30, 2020, the Blackwater asset was classified as an asset held for sale. At that date, the interest in Blackwater's carrying value prior to classification as an asset held for sale exceeded the fair value less costs to sell and therefore an impairment loss on reclassification of asset as held for sale of \$37.7 million was recorded on the Company's condensed consolidated income statement. The Company determined the fair value based on the cash and equity consideration receivable and the fair value of the stream on gold production from the Blackwater property.

As at June 30, 2020, the major classes of assets and liabilities of the Company's interest in Blackwater classified as held for sale were as follows:

	2020
<i>(in millions of U.S. dollars)</i>	
<b>ASSETS</b>	
Mineral interest	320.0
<b>LIABILITIES</b>	
Reclamation and closure cost obligations	(9.9)
<b>Net Assets Held for Sale</b>	<b>310.1</b>

## 9. Long-term debt

Long-term debt consists of the following:

	As at June 30	As at December 31
<i>(in millions of U.S. dollars)</i>	<b>2020</b>	<b>2019</b>
<b>LONG-TERM DEBT</b>		
Senior unsecured notes - due November 15, 2022 (a)	<b>397.8</b>	397.4
Senior unsecured notes - due May 15, 2025 (b)	<b>288.0</b>	287.1
Senior unsecured notes - due July 15, 2027 (c)	<b>393.1</b>	—
Credit Facility (d)	—	30.0
Total long-term debt	<b>1,078.9</b>	714.5

### **(a) Senior Unsecured Notes – due November 15, 2022**

As at June 30, 2020, the Company has \$400.3 million of senior unsecured notes outstanding that become due and payable on November 15, 2022 (“2022 Unsecured Notes”). The 2022 Unsecured Notes are denominated in U.S. dollars and bear interest at the rate of 6.25% per annum.

On July 10, 2020, the Company completed the redemption of the 2022 Unsecured notes. The redemption was funded from the net proceeds of its recent issue of \$400 million aggregate principal amount of 7.50% Senior Notes due in 2027 and cash on hand.

### **(b) Senior Unsecured Notes – due May 15, 2025**

As at June 30, 2020 the Company has \$300.0 million of senior unsecured notes outstanding that mature and become due and payable on May 15, 2025 (“2025 Unsecured Notes”). The face value is \$300.0 million. The 2025 Unsecured Notes are denominated in U.S. dollars and bear interest at the rate of 6.375% per annum. Interest is payable in arrears in equal semi-annual instalments on May 15 and November 15 of each year. The Company incurred initial transaction costs of \$10.7 million which have been offset against the carrying amount of the 2025 Unsecured Notes and are being amortized to net earnings using the effective interest method.

The 2025 Unsecured Notes are subject to a minimum interest coverage incurrence covenant of earnings before interest, taxes, depreciation, amortization, impairment, and other non-cash adjustments to interest of 2:1. The test is applied on a pro-forma basis prior to the Company incurring additional debt, entering into business combinations or acquiring significant assets, or certain other corporate actions. There are no maintenance covenants.

The 2025 Unsecured Notes are redeemable by the Company in whole or in part:

- During the 12-month period beginning on May 15 of the years indicated at the redemption prices below, expressed as a percentage of the principal amount of the 2025 Unsecured Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date:

Date	Redemption prices (%)
2020	104.78%
2021	103.19%
2022	101.59%
2023 and thereafter	100.00%

**(c) Senior Unsecured Notes - due July 15th 2027**

On June 24, 2020, the Company issued \$400.0 million of senior unsecured notes (“2027 Unsecured Notes”) for net cash proceeds of \$393.1 million after transaction costs. The face value is \$400.0 million. The 2027 Unsecured Notes are denominated in U.S. dollars and bear interest at the rate of 7.50% per annum. Interest is payable in arrears in equal semi-annual instalments on January 15 and July 15 of each year.

The Company incurred initial transaction costs of \$6.9 million which have been offset against the carrying amount of the 2027 Unsecured Notes and are being amortized to net earnings using the effective interest method.

The 2027 Unsecured Notes are subject to a minimum interest coverage incurrence covenant of earnings before interest, taxes, depreciation, amortization, impairment, and other non-cash adjustments to interest of 2:1. The test is applied on a pro-forma basis prior to the Company incurring additional debt, entering into business combinations or acquiring significant assets, or certain other corporate actions. There are no maintenance covenants.

The 2027 Unsecured Notes are redeemable by the Company in whole or in part:

- At any time prior to July 15, 2023 at a redemption price of 100% of the aggregate principal amount of the 2027 Unsecured Notes, plus a make-whole premium (consisting of the redemption price as described below, and future interest that would have been paid up to the first call date of July 15, 2023), plus accrued and unpaid interest, if any, to the redemption date.
- During the 12-month period beginning on July 15 of the years indicated at the redemption prices below, expressed as a percentage of the principal amount of the 2027 Unsecured Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date:

Date	Redemption prices (%)
2023	103.750%
2024	101.875%
2025 and thereafter	100.000%

**(d) Credit Facility**

The Company holds a revolving credit facility (the “Credit Facility”) with a maturity date of August 2021 and has a borrowing limit of \$400.0 million.

The Credit Facility contains various covenants customary for a loan facility of this nature, including limits on indebtedness, asset sales and liens. The Credit Facility contains three covenant tests, the minimum interest coverage ratio, being earnings before interest, taxes, depreciation, amortization, exploration, impairment and other non-cash adjustments (“Adjusted EBITDA”) to interest, the maximum net debt to

Adjusted EBITDA ratio (“Leverage Ratio”), and the maximum gross secured debt to Adjusted EBITDA (“Secured Leverage Ratio”), all of which are measured on a rolling four-quarter basis at the end of every quarter. Significant financial covenants are as follows:

		Twelve months ended June 30	Twelve months ended December 31
<b>Financial Covenant</b>		<b>2020</b>	<b>2019</b>
<b>FINANCIAL COVENANTS</b>			
Minimum interest coverage ratio (Adjusted EBITDA to interest)	>3.0 : 1	<b>3.9 : 1</b>	4.3 : 1
Maximum leverage ratio (net debt to Adjusted EBITDA)	<4.5 : 1	<b>2.6 : 1</b>	3.1 : 1
Maximum secured leverage ratio (secured debt to Adjusted EBITDA)	<2.0 : 1	<b>0.8 : 1</b>	0.7 : 1

The interest margin on drawings under the Credit Facility ranges from 1.25% to 3.75% over LIBOR, the Prime Rate or the Base Rate, based on the Company’s Leverage Ratio and the currency and type of credit selected by the Company. Based on the Company’s Leverage Ratio, the rate is 3.25% over LIBOR as at June 30, 2020 (December 31, 2019 – 3.25%). The standby fees on undrawn amounts under the Credit Facility range from 0.51% to 0.84%, depending on the Company’s Leverage Ratio. Based on the Company’s Leverage Ratio, the rate is 0.73% as at June 30, 2020 (December 31, 2019 – 0.73%).

For the six months ended June 30, 2020, the Company had borrowed \$35.0 million and repaid \$65.0 million under the Credit Facility, resulting in \$nil being drawn under the Credit Facility as at June 30, 2020. The Credit Facility has been used to issue letters of credit amounting of \$134.5 million (December 31, 2019 - \$118.9 million). Letters of credit relate to reclamation bonds, and other financial assurances required with various government agencies.

## 10. Non-current derivative financial liabilities

The following is a summary of the change in non-current derivative financial liabilities:

<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	TOTAL
<b>CHANGE IN NON-CURRENT DERIVATIVE FINANCIAL LIABILITIES</b>			
Balance, December 31, 2018	180.2	—	180.2
Settlements during the period	(20.0)	—	(20.0)
Fair value adjustments related to changes in the Company's own credit risk <sup>(1)</sup>	24.4	—	24.4
Other fair value adjustments <sup>(2)</sup>	(20.1)	—	(20.1)
Balance, December 31, 2019	164.5	—	164.5
Less: current portion of gold stream obligation <sup>(3)</sup>	(21.6)	—	(21.6)
Non-current portion of gold stream obligation	142.9	—	142.9
Balance, December 31, 2019	<b>164.5</b>	<b>—</b>	<b>164.5</b>
Proceeds received	—	<b>300.0</b>	<b>300.0</b>
Liability repayments during the period	<b>(9.6)</b>	—	<b>(9.6)</b>
Fair value adjustments related to changes in the Company's own credit risk <sup>(1)</sup>	<b>6.8</b>	<b>43.5</b>	<b>50.3</b>
Other fair value adjustments <sup>(2)</sup>	<b>16.6</b>	<b>6.4</b>	<b>23.0</b>
Balance, June 30, 2020	<b>178.3</b>	<b>349.9</b>	<b>528.2</b>
Less: current portion	<b>(24.8)</b>	—	<b>(24.8)</b>
Balance, as at June 30, 2020	<b>153.5</b>	<b>349.9</b>	<b>503.4</b>

1. Fair value adjustments related to changes in the Company's own credit risk are included in other comprehensive income.

2. Other fair value adjustments are included in the consolidated income statements.

3. The current portion of the gold stream obligation is included in trade and other payables on the statement of financial position.

### Rainy River Gold Stream Obligation

In 2015, the Company entered into a \$175 million streaming transaction with RGLD Gold AG, a wholly owned subsidiary of Royal Gold Inc. ("Royal Gold"). Under the terms of the agreement, the Company will deliver to Royal Gold 6.5% of gold production from Rainy River up to a total of 230,000 ounces of gold and then 3.25% of the mine's gold production thereafter. The Company will also deliver to Royal Gold 60% of the mine's silver production to a maximum of 3.1 million ounces and then 30% of silver production thereafter. Royal Gold paid \$175.0 million in consideration of this transaction.

In addition to the upfront deposit, Royal Gold will pay 25% of the average spot gold or silver price at the time each ounce of gold or silver is delivered under the stream. The difference between the spot price of metal and the cash received from Royal Gold will reduce the \$175.0 million deposit over the life of the mine. Upon expiry of the 40 year term of the agreement (which may be extended in certain circumstances), any balance of the \$175.0 million upfront deposit remaining unpaid will be refunded to Royal Gold.

The Company has designated the gold stream obligation as a financial liability at fair value through profit or loss ("FVTPL") under the scope of IFRS 9. Accordingly, the Company values the liability at the present value of its expected future cash flows at each reporting period with changes in fair value reflected in the consolidated income statements and consolidated statements of comprehensive income.

Fair value adjustments represent the net effect on the gold stream obligation of changes in the variables included in the Company's valuation model between the date of receipt of deposit and the reporting date. These variables include accretion, risk-free interest rate, future metal prices, Company-specific credit spread and expected gold and silver ounces to be delivered.

#### *New Afton free cash flow interest obligation*

In the first quarter of 2020, New Gold entered into a strategic partnership with Ontario Teachers' Pension Plan ("Ontario Teachers"). Under the terms of the strategic partnership, Ontario Teachers' acquired a 46% free cash flow interest in the New Afton mine for upfront cash proceeds of \$300 million. Ontario Teachers' has an option to convert the free cash flow interest into a 46% joint venture interest in New Afton in four years, or have their free cash flow interest remain as a free cash flow interest at a reduced rate of 42.5%. The transaction closed on March 31, 2020. The agreement includes a minimum cash guarantee at the end of 4 years and a buyback option for New Gold.

For accounting purposes, the Company has determined that the free cash flow interest obligation represents a financial liability with embedded derivatives. The value of the embedded derivatives change primarily in response to changes in metal prices, foreign exchange rates and operating and capital costs at New Afton. As the free cash flow interest obligation has embedded derivatives that would otherwise need to be accounted for separately at fair value through profit and loss ("FVTPL"), the Company has designated the entire instrument as a financial liability at FVTPL, with initial and subsequent measurement at fair value, as permitted under IFRS 9. Transaction costs of \$3.4 million were expensed through other gains and losses.

Fair value of the free cash flow interest obligation on initial recognition was determined by the amount of the cash advance received. Subsequent fair value is calculated on each reporting date with gains and losses recorded in net earnings. Fair value adjustments as a result of the Company's own credit risk are recorded in the consolidated statement of comprehensive loss, as required by IFRS 9 for financial liabilities designated as at FVTPL.

Components of the adjustment to fair value at each reporting date include:

- Accretion expense due to passage of time
- Change in the risk-free interest rate
- Change in the Company specific credit spread
- Change in future metal prices
- Change in foreign exchange rates
- Change in production profile, operating and capital costs at New Afton

## 11. Leases

### (a) Right-of-use assets

The Company leases assets such as buildings, mobile equipment and machinery. These assets are included in Mining Interests on the statement of financial position and are classified as plant & equipment as per note 7 of the Company's consolidated financial statements.

<i>(in millions of U.S. dollars)</i>	
<b>RIGHT-OF-USE- ASSETS</b>	
Balance, January 1, 2019	20.8
Additions	28.5
Depreciation	(6.1)
Disposals	—
Balance, December 31, 2019	<b>43.2</b>
Additions	5.9
Depreciation	(3.0)
Disposals	(0.4)
Balance, June 30, 2020	<b>45.7</b>

### (b) Lease liabilities

Please see below for a maturity analysis of the Company's lease payments:

<i>(in millions of U.S. dollars)</i>	As at June 30 <b>2020</b>	As at December 31 <b>2019</b>
<b>MATURITY ANALYSIS FOR LEASES</b>		
Less than 1 year	11.4	9.8
Between 1 and 3 years	19.8	17.0
Between 3 and 5 years	6.1	8.6
Total undiscounted lease payments <sup>(1)</sup>	<b>37.3</b>	35.4
Carrying value of lease liabilities	<b>33.2</b>	32.6
Less: current portion of lease liabilities <sup>(2)</sup>	<b>(9.3)</b>	(8.7)
Non-current portion of lease liabilities	<b>23.9</b>	23.9

1. Total undiscounted lease payments excludes leases that are classified as short term and leases for low value assets, which are not recognized as lease liabilities.

2. The current portion of the lease liabilities is included in trade and other payables on the statement of financial position.

For the six months ended June 30, 2020, the Company recognized \$0.6 million (2019 - \$0.7 million) in interest expense on lease liabilities. For the six months ended June 30, 2020, the Company expensed \$0.9 million (2019 - \$3.0 million) related to leases that are classified as short term.

## 12. Derivative instruments

	As at June 30	As at December 31
<i>(in millions of U.S. dollars)</i>	<b>2020</b>	<b>2019</b>
<b>DERIVATIVE ASSETS</b>		
Unsettled provisionally priced concentrate derivatives, and swap contracts <sup>(2)</sup>	0.3	0.2
Foreign exchange forward contracts <sup>(3)</sup>	5.5	—
Total derivative assets	5.8	0.2
<b>DERIVATIVE LIABILITIES</b>		
Gold price option contracts <sup>(1)</sup>	35.9	26.4
Total derivative liabilities	35.9	26.4

1. As at June 30, 2020, gold price option contracts are included within trade and other payables in the statement of financial position.

2. Unsettled provisionally priced concentrate derivatives are included within trade and other receivables in the statement of financial position.

3. As at June 30, 2020, foreign exchange forward contracts are included within prepaid expense and other in the statement of financial position.

### (a) Provisionally priced contracts

The Company had provisionally priced sales for which price finalization is outstanding at June 30, 2020. Realized and unrealized non-hedged derivative gains (losses) on the provisional pricing of concentrate sales are classified as revenue, with the unsettled provisionally priced concentrate derivatives included in trade and other receivables. The Company enters into gold and copper swap contracts to reduce exposure to gold and copper prices. Realized and unrealized gains (losses) are recorded in revenue, with the unsettled gold and copper swaps included in trade and other receivables.

The following tables summarize the realized and unrealized gains (losses) on provisionally priced sales:

	Three months ended June 30, 2020			Six months ended June 30, 2020		
<i>(in millions of U.S. dollars)</i>	Gold	Copper	Total	Gold	Copper	Total
<b>GAIN (LOSS) ON THE PROVISIONAL PRICING OF CONCENTRATE SALES</b>						
Realized	0.9	7.0	7.9	1.9	2.0	3.9
Unrealized	0.7	0.8	1.5	0.7	0.8	1.5
Total gain (loss)	1.6	7.8	9.4	2.6	2.8	5.4

	Three months ended June 30, 2019			Six months ended June 30, 2019		
<i>(in millions of U.S. dollars)</i>	Gold	Copper	Total	Gold	Copper	Total
<b>GAIN (LOSS) ON THE PROVISIONAL PRICING OF CONCENTRATE SALES</b>						
Realized	0.2	(3.5)	(3.3)	1.0	(0.4)	0.6
Unrealized	1.2	(1.6)	(0.4)	1.2	(0.5)	0.7
Total gain	1.4	(5.1)	(3.7)	2.2	(0.9)	1.3

The following tables summarize the realized and unrealized gains (losses) on gold and copper swap contracts:

	Three months ended June 30, 2020			Six months ended June 30, 2020		
<i>(in millions of U.S. dollars)</i>	Gold	Copper	Total	Gold	Copper	Total
<b>(LOSS) GAIN ON SWAP CONTRACTS</b>						
Realized	1.1	(6.4)	(5.3)	(1.3)	(0.6)	(1.9)
Unrealized	(0.6)	(0.6)	(1.2)	(0.6)	(0.6)	(1.2)
Total (loss) gain	0.5	(7.0)	(6.5)	(1.9)	(1.2)	(3.1)

	Three months ended June 30, 2019			Six months ended June 30, 2019		
<i>(in millions of U.S. dollars)</i>	Gold	Copper	Total	Gold	Copper	Total
<b>(LOSS) GAIN ON SWAP CONTRACTS</b>						
Realized	(0.6)	4.0	3.4	(1.0)	(0.1)	(1.1)
Unrealized	(0.8)	1.1	0.3	(0.8)	(0.2)	(1.0)
Total loss	(1.4)	5.1	3.7	(1.8)	(0.3)	(2.1)

The following table summarizes the net exposure to the impact of movements in market commodity prices for provisionally priced sales:

	As at June 30	As at December 31
	2020	2019
<b>VOLUMES SUBJECT TO FINAL PRICING NET OF OUTSTANDING SWAPS</b>		
Gold ounces (000s)	1.8	0.9
Copper pounds (millions)	1.7	0.5

**(b) Gold price option contracts**

In 2019, the Company entered into gold price option contracts by purchasing put options and selling call options at average strike prices outlined in the table below.

The call options sold and put options purchased are treated as derivative financial instruments and marked to market at each reporting period on the consolidated statement of financial position with changes in fair value recognized in other gains and losses. Realized gains and losses as a result of the exercise of the Company's call and put options up to an amount not exceeding the Company's production of gold ounces for the reporting period are recorded as an adjustment to revenue. The exercise of options on gold ounces in excess of the Company's gold production for the reporting period are recorded as other gains and losses.

	Quantity outstanding	Remaining term	Exercise price (\$/oz)	Fair value - asset (liability) <sup>(1)</sup>
<b>GOLD PRICE OPTION CONTRACTS OUTSTANDING</b>				
Gold call contracts – sold	96,000 oz	July 2020 – December 2020	1,415	(35.9)
Gold put contracts - purchased	96,000 oz	July 2020 – December 2020	1,300	—

1. The Company presents the fair value of its put and call options on a net basis on the consolidated statements of financial position. The Company has a legally enforceable right to set off the amounts under its option contracts and intends to settle on a net basis.

**(c) Foreign exchange forward contracts**

In the first quarter of 2020, the Company entered into foreign exchange forward contracts in order to hedge the Company's spending in Canadian dollars. The Company has hedged \$20.0 million U.S. dollars per month at average Canadian dollar to U.S. dollar foreign exchange rate of 1.40 for the period of April 2020 to December 2020. As at June 30, 2020, the fair value of the unrealized foreign exchange forward contracts assets were \$5.5 million.

**13. Share capital**

At June 30, 2020, the Company had unlimited authorized common shares and 676.0 million common shares outstanding.

**(a) No par value common shares issued**

	Number of shares	
<i>(in millions of U.S. dollars, except where noted)</i>	<b>(000s)</b>	<b>\$</b>
<b>NO PAR VALUE COMMON SHARES ISSUED</b>		
<i>Balance at December 31, 2018</i>	<b>579,115</b>	3,035.2
Issuance of common shares <sup>(1)</sup>	<b>93,750</b>	106.7
Issuance of common shares under First Nations agreements	<b>3,077</b>	2.6
Exercise of options and vested performance share units	<b>15</b>	—
<i>Balance at December 31, 2019</i>	<b>675,957</b>	3,144.5
Issuance of common shares	<b>56</b>	0.1
Exercise of options	<b>11</b>	—
<i>Balance at June 30, 2020</i>	<b>676,024</b>	3,144.6

1. On August 30, 2019, New Gold Inc. closed its offering of common shares of the Company with a syndicate of underwriters. An aggregate of 93,750,000 Common Shares were issued by the Company at a price of C\$1.60 per share for net proceeds of \$106.7 million (gross proceeds of C \$150.0 million less equity issuance costs).

## (b) Share-based payment expenses

The following table summarizes share-based payment expenses:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<i>(in millions of U.S. dollars)</i>				
<b>SHARE-BASED PAYMENT EXPENSES</b>				
Stock option expense <sup>(1)</sup>	0.2	0.2	0.4	0.4
Performance share unit expense	0.1	0.2	0.2	0.2
Restricted share unit expense	0.6	0.1	1.2	0.5
Deferred share unit expense	0.3	0.8	0.2	0.8
Total share-based payment expenses	1.2	1.3	2.0	1.9

1. For the three and six months ended June 30, 2020 \$0.4 million and \$1.0 million of share based expenses were recognized in operating expenses (2019—\$0.2 and \$0.5 million).

## (i) Stock options

The following table presents changes in the Company's stock option plan:

	Number of options	Weighted average exercise price
	(000s)	C\$/share
<b>CHANGES TO THE COMPANY'S STOCK OPTION PLAN</b>		
<i>Balance at December 31, 2018</i>	8,628	4.39
Granted	2,360	1.12
Forfeited	(1,417)	3.58
Expired	(3,993)	5.01
<i>Balance at December 31, 2019</i>	5,578	2.81
Granted	2,329	1.20
Exercised	(11)	1.17
Forfeited	(34)	1.19
Expired	(702)	3.71
<i>Balance at June 30, 2020</i>	7,160	2.23

### (c) Loss per share

The following table sets out the calculation of loss per share:

(in millions of U.S. dollars, except where noted)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>CALCULATION OF LOSS PER SHARE</b>				
Net loss	(45.6)	(35.7)	(73.9)	(49.1)
Basic weighted average number of shares outstanding (in millions)	676.0	578.7	676.0	579.1
<i>Net loss per share:</i>				
Basic	(0.07)	(0.06)	(0.11)	(0.08)
Diluted	(0.07)	(0.06)	(0.11)	(0.08)

The following table lists the equity securities excluded from the calculation of diluted loss per share. All stock options are excluded from the calculation when the Company is in a net loss position.

(in millions of units)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>EQUITY SECURITIES EXCLUDED FROM THE CALCULATION OF DILUTED EARNINGS PER SHARE</b>				
Stock options	7.2	8.2	7.2	8.2

## 14. Income and mining taxes

The following table outlines the composition of income tax expense between current tax and deferred tax:

(in millions of U.S. dollars)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>CURRENT INCOME AND MINING TAX EXPENSE</b>				
Canada	0.3	(0.3)	1.1	1.5
	0.3	(0.3)	1.1	1.5
<b>DEFERRED INCOME AND MINING TAX EXPENSE</b>				
Canada	(8.3)	1.3	(3.9)	3.2
	(8.3)	1.3	(3.9)	3.2
Total income tax (recovery) expense	(8.0)	1.0	(2.8)	4.7

## 15. Reclamation and closure cost obligations

Changes to the reclamation and closure cost obligations are as follows:

<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	Cerro San Pedro	Blackwater	Total
<b>CHANGES TO RECLAMATION AND CLOSURE COST OBLIGATIONS</b>					
<i>Balance – December 31, 2018</i>	53.6	10.7	20.0	8.3	92.6
Reclamation expenditures	(0.2)	—	(8.6)	—	(8.8)
Unwinding of discount	1.1	0.2	1.2	0.2	2.7
Revisions to expected cash flows	9.7	6.4	(0.6)	0.5	16.0
Foreign exchange movement	2.8	0.7	0.6	0.4	4.5
<i>Balance – December 31, 2019</i>	67.0	18.0	12.6	9.4	107.0
Less: current portion of closure costs (Note 5)	(1.4)	—	(10.9)	—	(12.3)
Non-current portion of closure costs	65.6	18.0	1.7	9.4	94.7
<i>Balance – December 31, 2019</i>	<b>67.0</b>	<b>18.0</b>	<b>12.6</b>	<b>9.4</b>	<b>107.0</b>
Reclamation expenditures	<b>(0.2)</b>	<b>—</b>	<b>(2.1)</b>	<b>—</b>	<b>(2.3)</b>
Unwinding of discount	<b>0.4</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.9</b>
Revisions to expected cash flows	<b>3.7</b>	<b>2.8</b>	<b>(2.0)</b>	<b>0.8</b>	<b>5.3</b>
Foreign exchange movement	<b>(3.2)</b>	<b>(0.8)</b>	<b>(1.6)</b>	<b>(0.4)</b>	<b>(6.0)</b>
Classified as liabilities held-for-sale (Note 8)	<b>—</b>	<b>—</b>	<b>—</b>	<b>(9.9)</b>	<b>(9.9)</b>
<i>Balance – June 30, 2020</i>	<b>67.7</b>	<b>20.1</b>	<b>7.2</b>	<b>—</b>	<b>95.0</b>
Less: current portion of closure costs (Note 5)	<b>(3.3)</b>	<b>—</b>	<b>(5.9)</b>	<b>—</b>	<b>(9.2)</b>
Non-current portion of closure costs	<b>64.4</b>	<b>20.1</b>	<b>1.3</b>	<b>—</b>	<b>85.8</b>

## 16. Supplemental cash flow information

Supplemental cash flow information (included within operating activities) is as follows:

<i>(in millions of U.S. dollars)</i>	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>CHANGE IN NON-CASH OPERATING WORKING CAPITAL</b>				
Trade and other receivables	<b>(6.6)</b>	0.3	<b>(5.4)</b>	(4.5)
Inventories	<b>3.6</b>	(8.4)	<b>5.9</b>	(2.9)
Prepaid expenses and other	<b>2.9</b>	0.9	<b>2.9</b>	(0.1)
Trade and other payables	<b>1.3</b>	(2.9)	<b>2.0</b>	0.6
Total change in non-cash operating working capital	<b>1.2</b>	(10.1)	<b>5.4</b>	(6.9)

	Three months ended June 30		Six months ended June 30	
<i>(in millions of U.S. dollars)</i>	2020	2019	2020	2019
<b>OTHER NON-CASH ADJUSTMENTS</b>				
Unrealized gain on revaluation of foreign exchange forward contracts	(5.8)	(4.0)	(5.5)	(4.0)
Unrealized loss on concentrate contracts	(0.3)	0.2	(1.4)	0.3
Equity settled share-based payment expense	0.3	0.3	0.5	0.5
Loss on disposal of assets	0.4	(0.1)	1.2	—
Settlement and loss on revaluation of gold price option contracts	8.3	23.6	9.5	22.5
Unrealized loss on revaluation of non-current derivative financial instruments	13.8	8.4	23.0	13.1
Settlement (gain) loss on revaluation of copper price option contracts	—	(2.5)	—	0.6
Revaluation of CSP's reclamation and closure cost obligation	(1.7)	1.0	(2.1)	2.0
Inventory write-downs	(2.7)	—	—	—
Other non-cash adjustments	—	0.8	—	(0.1)
<b>Total other non-cash adjustments</b>	<b>12.3</b>	<b>27.7</b>	<b>25.2</b>	<b>34.9</b>

## 17. Segmented information

### (a) Segment revenues and results

The Company manages its reportable operating segments by operating mines and development projects. Operating results of reportable operating segments are reviewed by the Company's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segments and to assess their performance. The results from operations for these reportable operating segments are summarized in the following tables:

	Three months ended June 30, 2020			
<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	Corporate	Total
<b>OPERATING SEGMENT RESULTS</b>				
Gold revenues	71.3	19.8	—	91.1
Copper revenues	—	35.2	—	35.2
Silver revenues	1.2	1.0	—	2.2
Total revenues <sup>(1)</sup>	72.5	56.0	—	128.5
Operating expenses	42.4	23.8	—	66.2
Depreciation and depletion	30.9	9.7	—	40.6
Revenue less cost of goods sold	(0.8)	22.5	—	21.7
Corporate administration	—	—	3.4	3.4
Share-based payment expenses	—	—	0.8	0.8
Exploration and business development	0.1	1.1	(0.3)	0.9
(Loss) income from operations	(0.9)	21.4	(3.9)	16.6

1. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the three months ended June 30, 2020.

	Six months ended June 30, 2020			
<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	Corporate	Total
<b>OPERATING SEGMENT RESULTS</b>				
Gold revenues	148.1	41.6	—	189.7
Copper revenues	—	76.9	—	76.9
Silver revenues	2.2	2.0	—	4.2
Total revenues <sup>(1)</sup>	150.3	120.5	—	270.8
Operating expenses	99.2	56.7	—	155.9
Depreciation and depletion	66.3	26.3	—	92.6
Revenue less cost of goods sold	(15.2)	37.5	—	22.3
Corporate administration	—	—	7.9	7.9
Share-based payment expenses	—	—	1.0	1.0
Exploration and business development	0.4	2.5	(0.2)	2.7
(Loss) income from operations	(15.6)	35.0	(8.7)	10.7

1. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended June 30, 2020.

Three months ended June 30, 2019

<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	Corporate	Total
<b>OPERATING SEGMENT RESULTS</b>				
Gold revenues	88.6	18.5	—	107.1
Copper revenues	—	46.1	—	46.1
Silver revenues	1.0	0.9	—	1.9
Total revenues <sup>(1)</sup>	89.6	65.5	—	155.1
Operating expenses	62.3	22.8	—	85.1
Depreciation and depletion	20.4	33.2	—	53.6
Revenue less cost of goods sold	6.9	9.5	—	16.4
Corporate administration	—	—	3.7	3.7
Share-based payment expenses	—	—	1.1	1.1
Exploration and business development	0.5	0.9	0.4	1.8
(Loss) income from operations	6.4	8.6	(5.2)	9.8

1. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the three months ended June 30, 2019.

Six months ended June 30, 2019

<i>(in millions of U.S. dollars)</i>	Rainy River	New Afton	Corporate	Total
<b>OPERATING SEGMENT RESULTS</b>				
Gold revenues	180.1	41.3	—	221.4
Copper revenues	—	97.6	—	97.6
Silver revenues	2.0	2.0	—	4.0
Total revenues <sup>(1)</sup>	182.1	140.9	—	323.0
Operating expenses	119.6	52.4	—	172.0
Depreciation and depletion	42.1	72.7	—	114.8
Revenue less cost of goods sold	20.4	15.8	—	36.2
Corporate administration	—	—	9.0	9.0
Share-based payment expenses	—	—	1.4	1.4
Exploration and business development	0.6	1.1	0.5	2.2
(Loss) income from operations	19.8	14.7	(10.9)	23.6

1. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended June 30, 2019.

## (b) Segmented assets and liabilities

The following table presents the segmented assets and liabilities:

	Total assets			Total liabilities		Capital expenditures <sup>(1)</sup>	
	As at June 30	As at December 31	As at June 30	As at December 31	Six months ended June 30		
<i>(in millions of U.S. dollars)</i>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
<b>SEGMENTED ASSETS AND LIABILITIES</b>							
Rainy River	<b>1,056.3</b>	1,078.4	<b>348.7</b>	334.9	<b>62.4</b>	62.6	
New Afton	<b>667.9</b>	647.7	<b>447.2</b>	89.8	<b>44.1</b>	22.9	
Other <sup>(2)</sup>	<b>707.1</b>	432.4	<b>1,107.8</b>	772.5	—	2.7	
Total segmented assets, liabilities and capital expenditures	<b>2,431.3</b>	2,158.5	<b>1,903.7</b>	1,197.2	<b>106.5</b>	88.2	

1. Capital expenditures per consolidated statement of cash flows.
2. Other includes corporate balance, exploration properties and Cerro San Pedro.

## 18. Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

The Company has certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. There were no transfers among Levels 1, 2 and 3 during the six months ended June 30, 2020 or the year ended December 31, 2019. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### *Valuation methodologies for Level 2 and 3 financial assets and liabilities:*

#### *Provisionally priced contracts and gold and copper swap contracts*

The fair value of the provisionally priced contracts and the gold and copper swap contracts is calculated using the mark-to-market forward prices of London Metals Exchange gold and copper based on the applicable settlement dates of the outstanding provisionally priced contracts and copper swap contracts.

#### *Gold and copper price option contracts*

The fair value of the gold and copper price option contracts are calculated using the mark-to-market method based on fair value prices obtained from the counterparties of the gold price option contracts and copper price option contracts.

#### *Foreign exchange forward contracts*

The fair value of foreign exchange forward contracts is calculated using the mark-to-market method based on the difference between the forward Canadian dollar to U.S dollar foreign exchange rate and the foreign exchange rates of the contracts.

#### *Gold stream obligation*

The fair value of the gold stream obligation is calculated using the risk-free interest rate derived from the U.S. Treasury rate, forward and consensus metal prices, company specific credit spread based on the yield on the Company's 2025 Senior Unsecured Notes, and expected gold and silver ounces to be delivered from Rainy River's life of mine projections.

### Free cash flow interest obligation

The fair value of the free cash flow interest obligation is calculated using the risk-free interest rate derived from the U.S. Treasury rate, forward and consensus metal prices, company specific credit spread based on the yield on the Company's 2025 Senior Unsecured Notes, and expected production, operating and capital costs from New Afton's life of mine projections.

### Proceeds due from income tax refunds at Mesquite

The proceeds due from income tax refunds at Mesquite is related to income tax refunds that were recoverable by Mesquite on the date of the sale of Mesquite. These income tax refunds are required to be paid to the Company once Mesquite receives these income tax refunds. The fair value of the income tax refund receivable is calculated based on the value of the income tax refunds that Mesquite is expected to receive.

The following table summarizes the Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position categorized by level of significance of the inputs used in making the measurements:

		As at June 30, 2020		As at December 31, 2019	
<i>(in millions of U.S. dollars)</i>	Category	Level			
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	Financial assets at amortized cost		700.2		83.4
Trade and other receivables	Financial assets at amortized cost		20.5		14.5
Provisionally priced contracts	Financial instruments at FVTPL	2	1.5	2	1.5
Gold and copper swap contracts	Financial instruments at FVTPL	2	(1.2)	2	(1.3)
Proceeds due from income tax refunds at Mesquite <sup>(2)</sup>	Financial assets at amortized cost	3	—	3	9.0
Investments	Financial instruments at FVTPL	1	2.1	1	0.5
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables <sup>(1)</sup>	Financial liabilities at amortized cost		131.0		111.3
Long-term debt	Financial liabilities at amortized cost		1,078.9		714.5
Gold stream obligation	Financial instruments at FVTPL	3	178.3	3	164.5
Free cash flow interest obligation	Financial instruments at FVTPL	3	349.9	3	—
Gold price option contracts	Financial instruments at FVTPL	2	35.9	2	26.4

1. Trade and other payables exclude the short-term portions of reclamation and closure cost obligations, the gold stream obligation and the free cash flow interest obligation.

2. Proceeds due from income tax refunds at Mesquite are included in current assets on the consolidated statement of financial position.

The carrying values and fair values of the Company's financial instruments are as follows:

<i>(in millions of U.S. dollars)</i>	As at June 30, 2020		As at December 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	700.2	700.2	83.4	83.4
Trade and other receivables	20.5	20.5	14.5	14.5
Provisionally priced contracts	1.5	1.5	1.5	1.5
Gold and copper swap contracts	(1.2)	(1.2)	(1.3)	(1.3)
Proceeds due from income tax refunds at Mesquite <sup>(2)</sup>	—	—	9.0	9.0
Investments	2.1	2.1	0.5	0.5
<b>FINANCIAL LIABILITIES</b>				
Trade and other payables <sup>(1)</sup>	131.0	131.0	111.3	111.3
Long-term debt	1,078.9	1,123.2	714.5	707.7
Gold stream obligation	178.3	178.3	164.5	164.5
Free cash flow interest obligation	349.9	349.9	—	—
Gold price option contracts	35.9	35.9	26.4	26.4

1. Trade and other payables exclude the short-term portion of reclamation and closure cost obligation and the short-term portion of the gold stream obligation.
2. Proceeds due from income tax refunds at Mesquite are included in other non-current assets on the consolidated statement of financial position.

## 19. Commitments

The Company has entered into a number of contractual commitments for capital items relating to operations and development. At June 30, 2020, these commitments totaled \$54.4 million, \$54.3 million of which is expected to become due over the next 12 months. This compares to commitments of \$72.5 million as at December 31, 2019, \$72.3 million of which was expected to become due over the upcoming year. Certain contractual commitments may contain cancellation clauses; however, the Company discloses its commitments based on management's intent to fulfill the contracts.

## 20. Subsequent events

On July 10, 2020, the Company completed the redemption of the 2022 Unsecured notes. The redemption was funded from the net proceeds of its recent issue of \$400 million aggregate principal amount of 7.50% Senior Notes due in 2027 and cash on hand.