Delivering on Growth

Third Quarter Results Webcast

November 5, 2010

newgold
a clear direction

Speakers

Randall Oliphant, Executive Chairman

Robert Gallagher, President & CEO

Cautionary statement

All monetary amounts in U.S. dollars unless otherwise stated

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this presentation, including any information relating to New Gold's future financial or operating performance may be deemed "forward looking". All statements in this presentation, other than statements of historical fact, that address events or developments that New Gold expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward looking statements 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. 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 New Gold's 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; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States, Australia, Mexico and Chile; price volatility in the spot and forward markets for commodities; impact of any hedging activities, including margin limits and margin calls; discrepancies between actual and estimated production, between actual and estimated reserves and resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Canada, the United States, Australia, Mexico and Chile or any other country in which New Gold currently or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which New Gold does or may carry on business; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements of each jurisdiction that New Gold operates, including, but not limited to, Mexico, where New Gold is involved with ongoing challenges relating to its environmental impact statement for Cerro San Pedro Mine; the lack of certainty with respect to the Mexican and other foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law; the uncertainties inherent to current and future legal challenges the company is or may become a party to, including the third party claim related to the El Morro transaction with respect to New Gold's exercise of its right of first refusal on the El Morro copper-gold project in Chile and its partnership with Goldcorp Inc., which transaction and third party claim were announced by New Gold in January 2010; diminishing quantities or grades of reserves; competition; loss of key employees; additional funding requirements; actual results of current exploration or reclamation activities; 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. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance, to cover these risks) as well as "Risks Factors" included in New Gold's Annual Information Form filed on March 26, 2010 and Management Information Circular filed on April 8, 2010, both available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this presentation 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.

Cautionary statement (cont'd)

CAUTIONARY NOTE TO U.S. READERS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

Information concerning the properties and operations of New Gold has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" used in this presentation are Canadian mining terms as defined in accordance with NI 43-101 under guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under standards of the United States Securities and Exchange Commission. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve calculation is made. As such, certain information contained in this presentation concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission. An "Inferred Mineral Resource" has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It cannot be assumed that all or any part of an "Inferred Mineral Resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. Readers are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into Mineral Reserves. Readers are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable. In addition, the definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" under CIM standards differ in certain respects from the standards of the United States Securities and Exchange Commission.

TOTAL CASH COST

"Total cash cost" per ounce figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is widely accepted as the standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. New Gold reports total cash cost on a sales basis. Total cash cost includes mine site operating costs such as mining, processing, administration, royalties and production taxes, but is exclusive of amortization, reclamation, capital and exploration costs. Total cash cost is reduced by any by-product revenue and is then divided by ounces sold to arrive at the total by-product cash cost of sales. The measure, along with sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations. This data is furnished to provide additional information and is a non-GAAP measure. Total cash cost presented do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with GAAP and is not necessarily indicative of operating costs presented under GAAP. A reconciliation has been provided in the MD&A accompanying the audited annual financial statements and the unaudited quarterly financial statements.

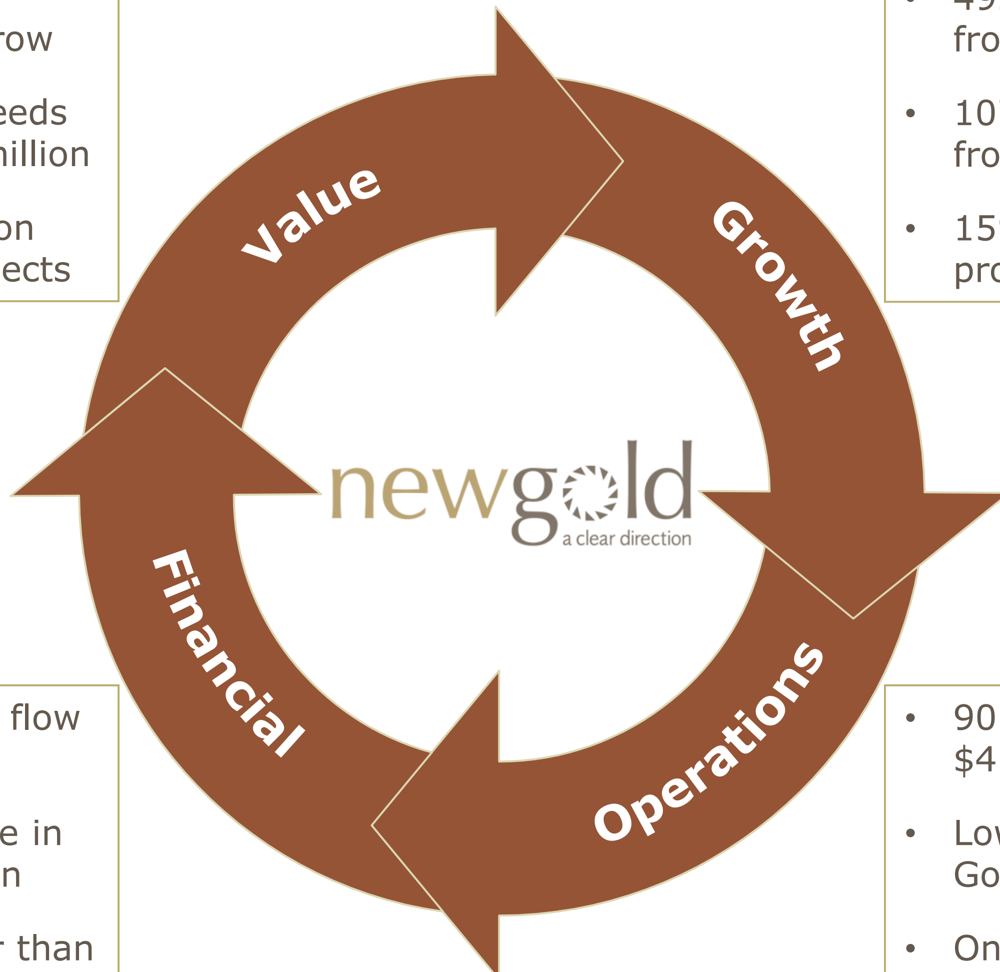
TECHNICAL INFORMATION

The scientific and technical information in this presentation has been prepared under the supervision of Mark Petersen, a qualified person under National Instrument 43-101 and employee of New Gold.

Executing on our strategy – Q3 highlights

- Consensus Net Asset Value continues to grow
- Amapari equity proceeds appreciated to $60 million
- Drilling commenced on organic sulphide projects

- 492% growth in cash flow from operations
- 107% growth in earnings from mine operations
- 15% growth in gold production to 91koz



- $35.5 million in cash flow from operations
- $14.9 million increase in cash to $391.0 million
- Cash balance greater than remaining capital estimate at New Afton

- 90koz of gold sold at $435 per ounce
- Lowest cash cost in New Gold’s history
- On track to once again deliver on annual guidance

The New Gold investment thesis

FULLY FUNDED COMPANY WITH STRONG BALANCE SHEET

DIVERSIFIED ASSET BASE IN MINING FRIENDLY JURISDICTIONS

ORGANIC GROWTH OPPORTUNITIES/METAL OPTIONALITY

PRODUCTION GROWTH/MARGIN EXPANSION

COMPELLING INVESTMENT PROPOSITION

INCREASING UNDERLYING ASSET VALUE

MULTIPLE CATALYSTS

Capitalization and liquidity

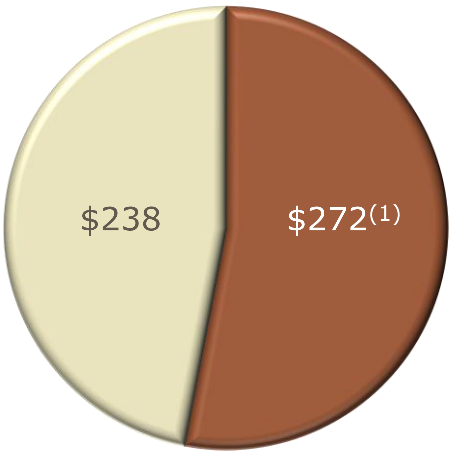
Basic shares outstanding (millions)	392
FDITM shares outstanding (millions)	410
TSX share price – November 4, 2010 (C$)	$8.37
Market capitalization (C$ millions)	**$3,280**
Cash (US$ millions)[1]	**$391**
Debt (US$ millions)[1]	$217
Insider ownership (million shares)	15

Note: 1. Cash and debt positions as of September 30, 2010.

Significantly enhanced financial flexibility

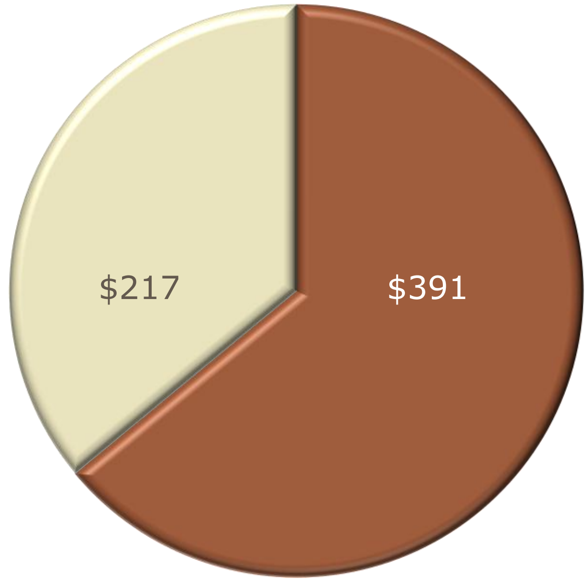
December 31, 2009

Net Cash $34 million



September 30, 2010

Net Cash $174 million



- Further ~$225 million in additional flexibility through 100% El Morro carry versus prior 70% carry

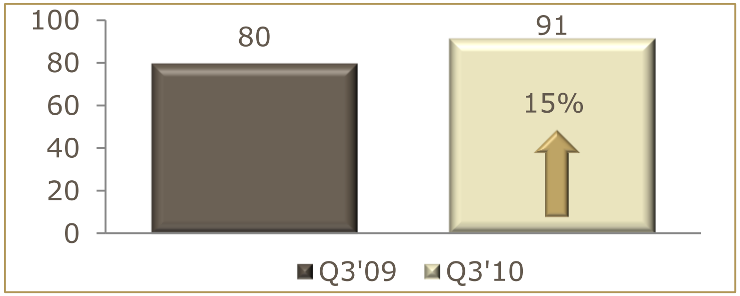
Cash
Debt

Note: 1. Includes $9.2 million of restricted cash.

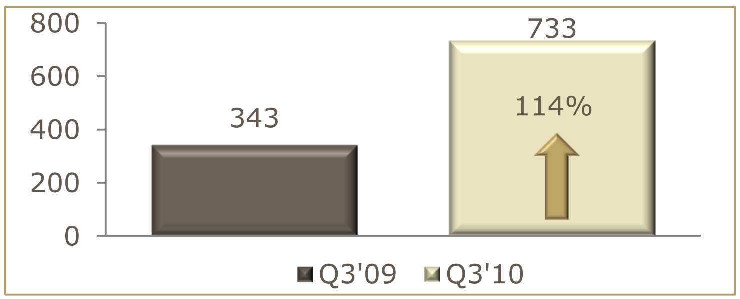
Q3 and year-to-date production highlights

Q3 2010 vs. Q3 2009

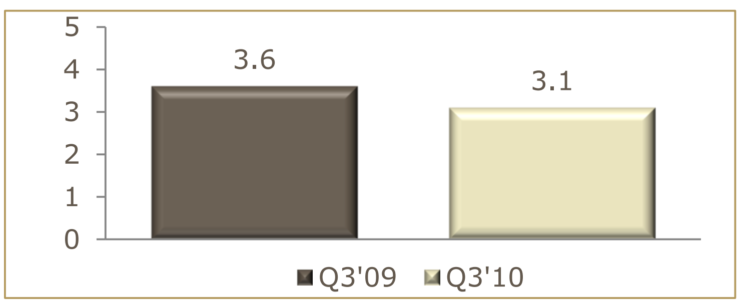
GOLD PRODUCTION (000s OUNCES)



SILVER PRODUCTION (000s OUNCES)

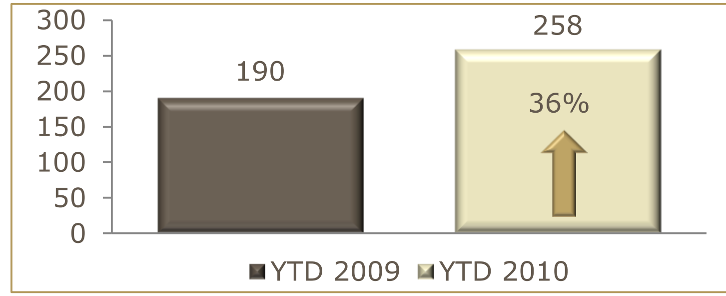


COPPER PRODUCTION (MILLION POUNDS)

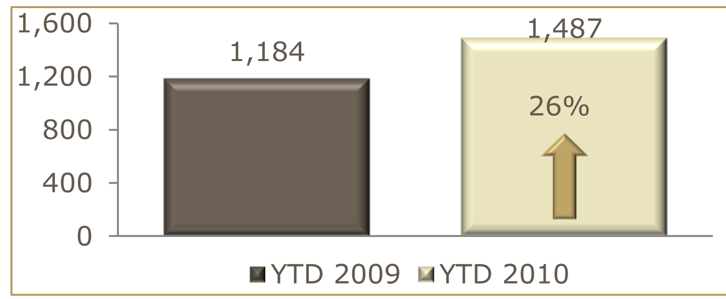


YTD 2010 vs. YTD 2009

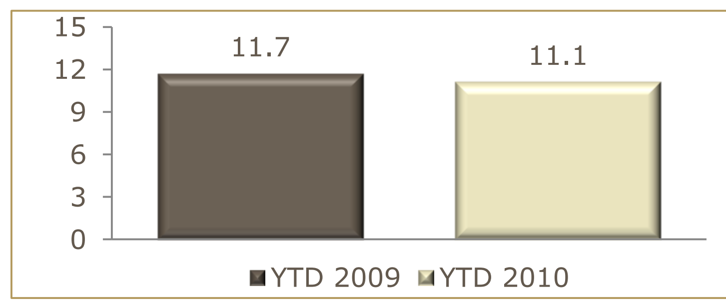
GOLD PRODUCTION (000s OUNCES)



SILVER PRODUCTION (000s OUNCES)



COPPER PRODUCTION (MILLION POUNDS)



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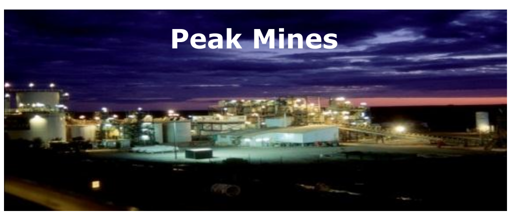
Note: *1. Results show for the period of ownership of the Mesquite Mine (June 1, 2009).*

Operating asset performance



	Q3'10		YTD	
	Gold sales (Koz)	Cash cost ($/oz)	Gold sales (Koz)	Cash cost ($/oz)
Mesquite	**30.9**	**$708**	**119.2**	**$619**
Cerro San Pedro	**38.1**	**$151**	**76.0**	**$277**
Peak Mines	**20.7**	**$549**	**56.9**	**$393**
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Highlights

Mesquite

- Strong fourth quarter anticipated with lower strip ratio and higher grade ore to be mined
- Three drills on site drilling underlying sulphide resource
  - ~1Moz of sulphide previously identified by Newmont

Cerro San Pedro

- Excellent quarter for CSP with increased gold and silver production
  - Fourth quarter expected to be strong as well
- Two drills on site drilling higher grade manto sulphide resource

Peak Mines

- Third quarter costs impacted by timing of concentrate shipments
  - Fourth quarter costs to benefit from sell-down of copper inventory
- Continue to focus on long history of annual replacement of reserves

Development project pipeline

NEW AFTON

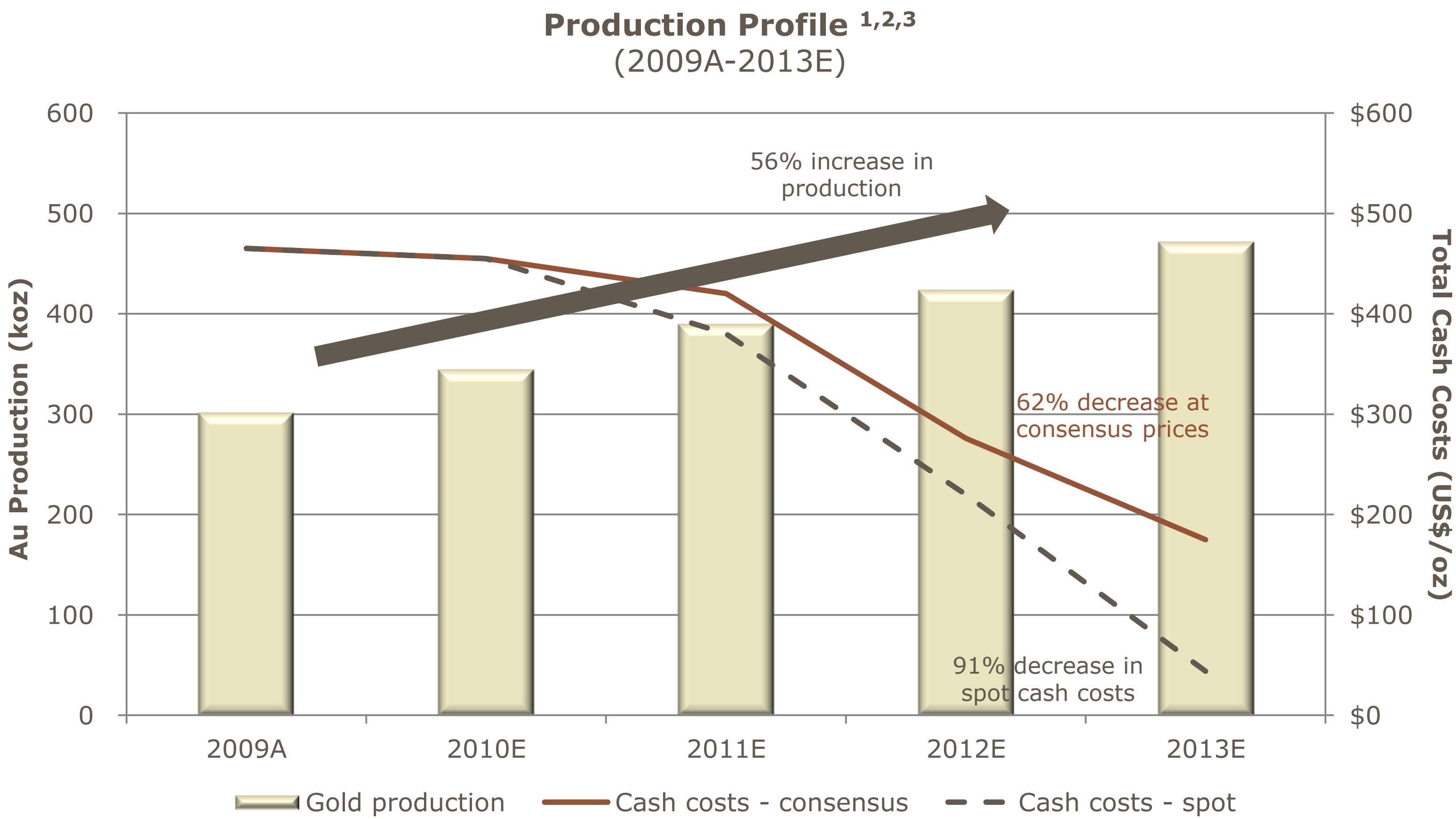
- Project remains on time/budget for mid-2012 start
  - ~ $365 million in capital remaining
- Underground development advance continues to accelerate and preparation for surface construction continuing as planned
- At today's gold and copper prices – potential to generate over ~ $200 million of additional cash flow annually
- Potential for additional resources below current block
  - To be drilled once underground development complete

EL MORRO

- Permit to begin development expected late 2010/early 2011
- Stated intention of Goldcorp to make development of El Morro a priority
- Project team that brought Goldcorp's Penasquito mine into production now focused on El Morro
  - Total capital ~ $2.5 billion per Feasibility Study
- Current reserves and resources entirely contained within La Fortuna (calculated at $500/oz gold; $1.25/lb copper)
  - Significant potential to grow – particularly at depth
- At today's gold and copper prices – potential to generate over ~ $300 million of cash flow annually (30% share)
- Neighbouring El Morro deposit largely underexplored

Gold production growth

EXCEPTIONAL GOLD PRODUCTION GROWTH PROFILE



EL MORRO PROVIDES ADDITIONAL VALUE OVER AND ABOVE CURRENT GROWTH PROFILE

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Notes:

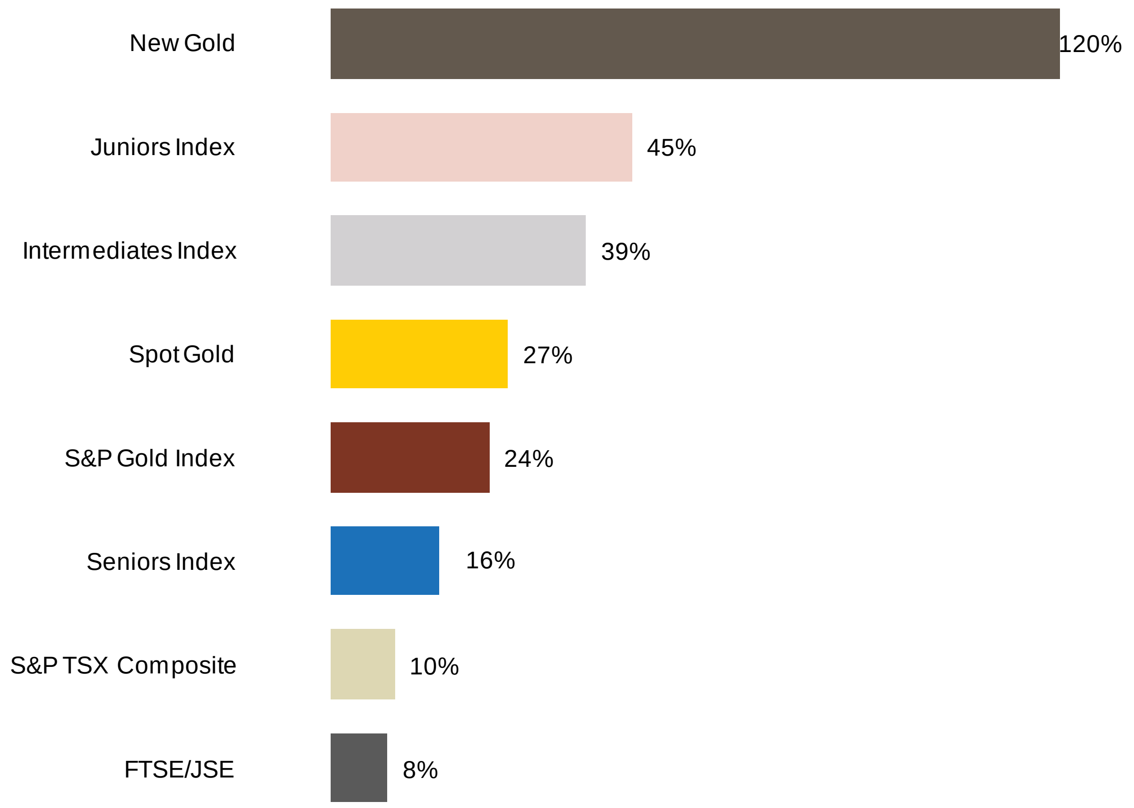
1. By-product consensus cash cost based on silver and copper prices as follows: 2011 - $18.82/oz, $3.46/lb; 2012 - $17.76/oz, $3.36/lb; 2013 - $16.42/oz, $2.97/lb.

2. Spot cash cost per ounce based on difference between above noted prices and current spot prices: Silver - $24.75/oz, Copper - $3.83/lb

3. Refer to Cautionary Statements regarding Forward Looking Statements and Total Cash Cost.

Relative price performance

2010 YTD



Source: Bloomberg

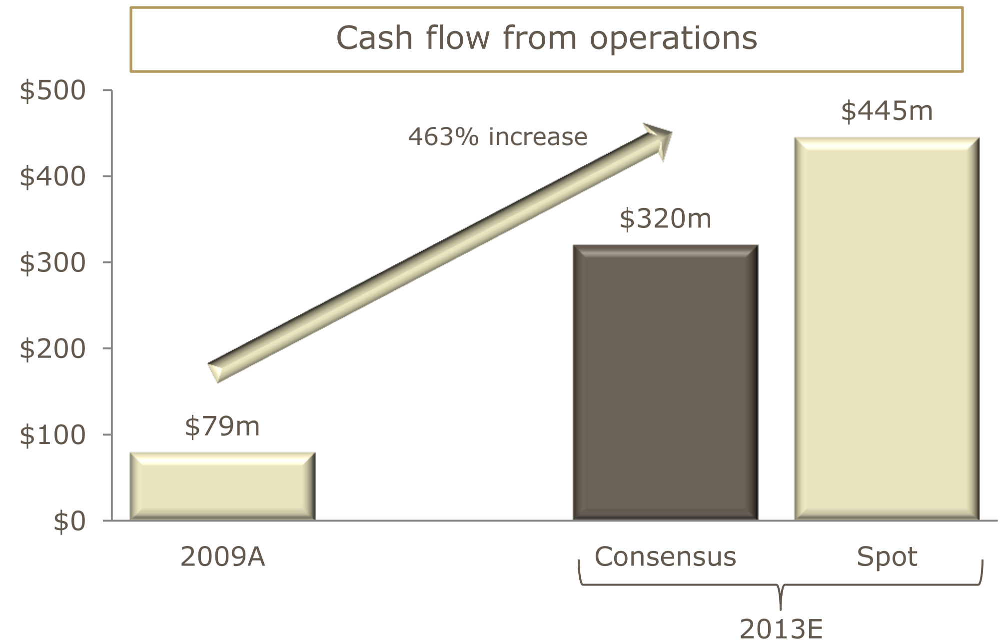
Note:
1. Share price performance based on local currency, adjusted for dividends and distributions
2. Seniors Index includes: Agnico-Eagle, Barrick, Goldcorp, Kinross, Newcrest, Newmont and Yamana Gold
3. Intermediates Index includes: Buenaventura, Centerra, Eldorado, Gammon , Harmony, IAMGOLD, New Gold and Randgold
4. Juniors Index includes: Allied Nevada, Anatolia Minerals, Aurizon, Jaguar, Kingsgate, Kirkland Lake Gold, Lake Shore Gold, Minefinders, Rainy River , Romarco, San Gold and Wesdome Gold Mines
5. Prices updated as at November 4, 2010

Peer leading cash flow growth and value

MARKET CAPITALIZATION: $3,258

NET CASH: $174

ENTERPRISE VALUE: $3,084



Enterprise Value to Cash flow multiple:

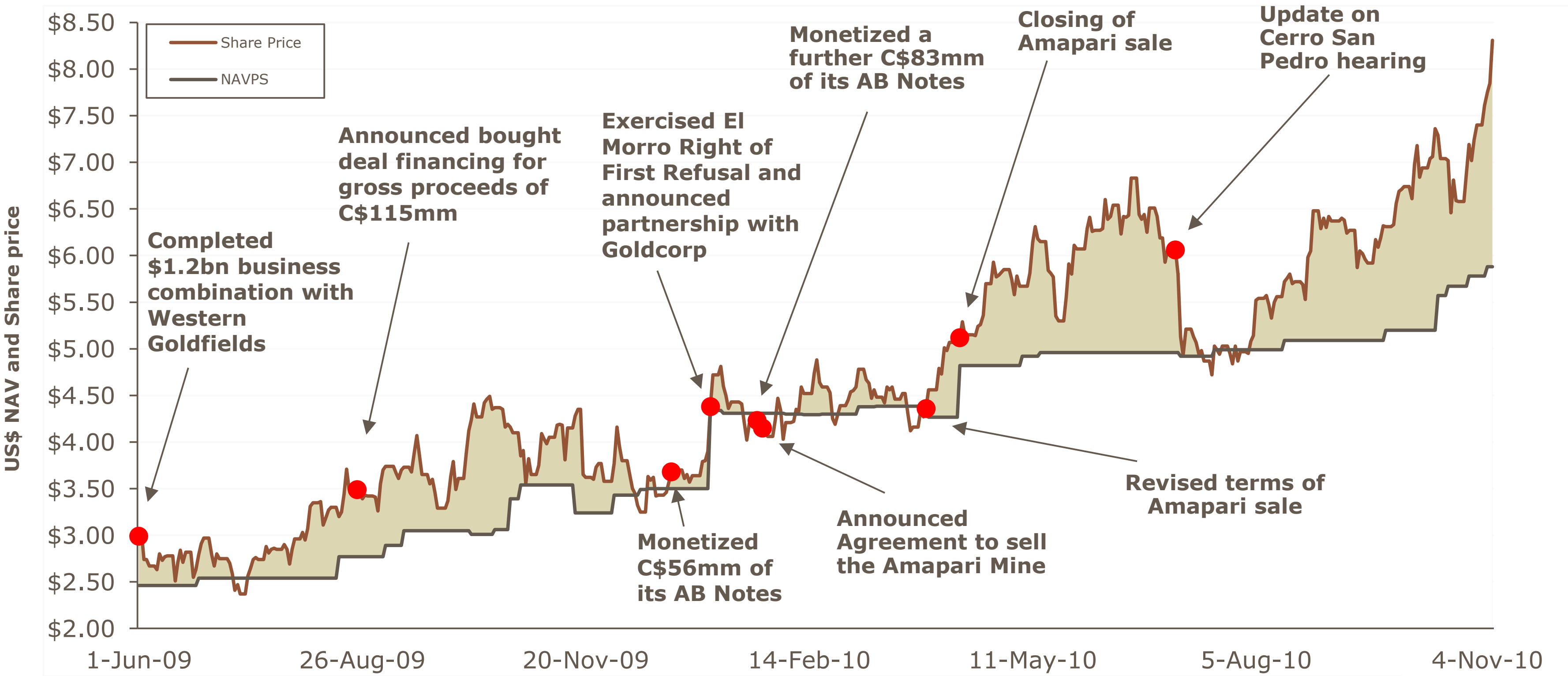
Consensus	Spot
9.6x	6.9x

\+

EL MORRO VALUE

Notes: 1. All amounts in US dollars.

Net asset value per share appreciation



As at June 1, 2009	
Asset	Estimated Value (US$ mm)
El Morro	~$40
Amapari	--
AB Notes	--
New Afton	~$120

- **139% increase in NAVPS since closing of merger with Western Goldfields; Share price has appreciated 178% in the same timeframe**
  - **Driven by ~$920 million NAV increase in the previously undervalued assets**

As at November 4, 2010	
Asset	Estimated/Realized Value (US$ mm)
El Morro[1]	$455
Amapari[2]	$90
AB Notes[3]	$75
New Afton[4]	$459

Source: Broker Reports, Company Estimates and Announcements, Bloomberg.
Note: 1. Current street consensus NAV for El Morro; Includes $50mm cash payment received from Goldcorp as part of transaction consideration.
2. Total value of proceeds from the sale of Amapari.
3. Aggregate proceeds from the sale of New Gold's Asset Backed Notes.

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Value generation

NEW GOLD VALUE CATALYSTS

Realizing value on asset backed notes	**Completed**
Closing of El Morro transaction	**Completed**
Closing of Amapari transaction	**Completed**
Working to resolve ongoing challenges at Cerro San Pedro	Ongoing
Delivering on operational targets	Ongoing
Mesquite Sulphide evaluation	Ongoing
Cerro San Pedro Sulphide evaluation	Ongoing
El Morro exploration and optimization	Ongoing
Advancing development of New Afton	Ongoing
Executing on future growth transaction	Ongoing

Executing on our strategy