

newgold

THERE'S MORE



*PDAC
March 2011*

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 latest annual information form, management's discussion and analysis of financial condition ("MD&A") and management information circular filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this 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.



Leading intermediate gold producer

Three producing assets

Two fully-funded growth projects

\$4.2 billion market capitalization

\$491 million in cash

Strong Board and Management

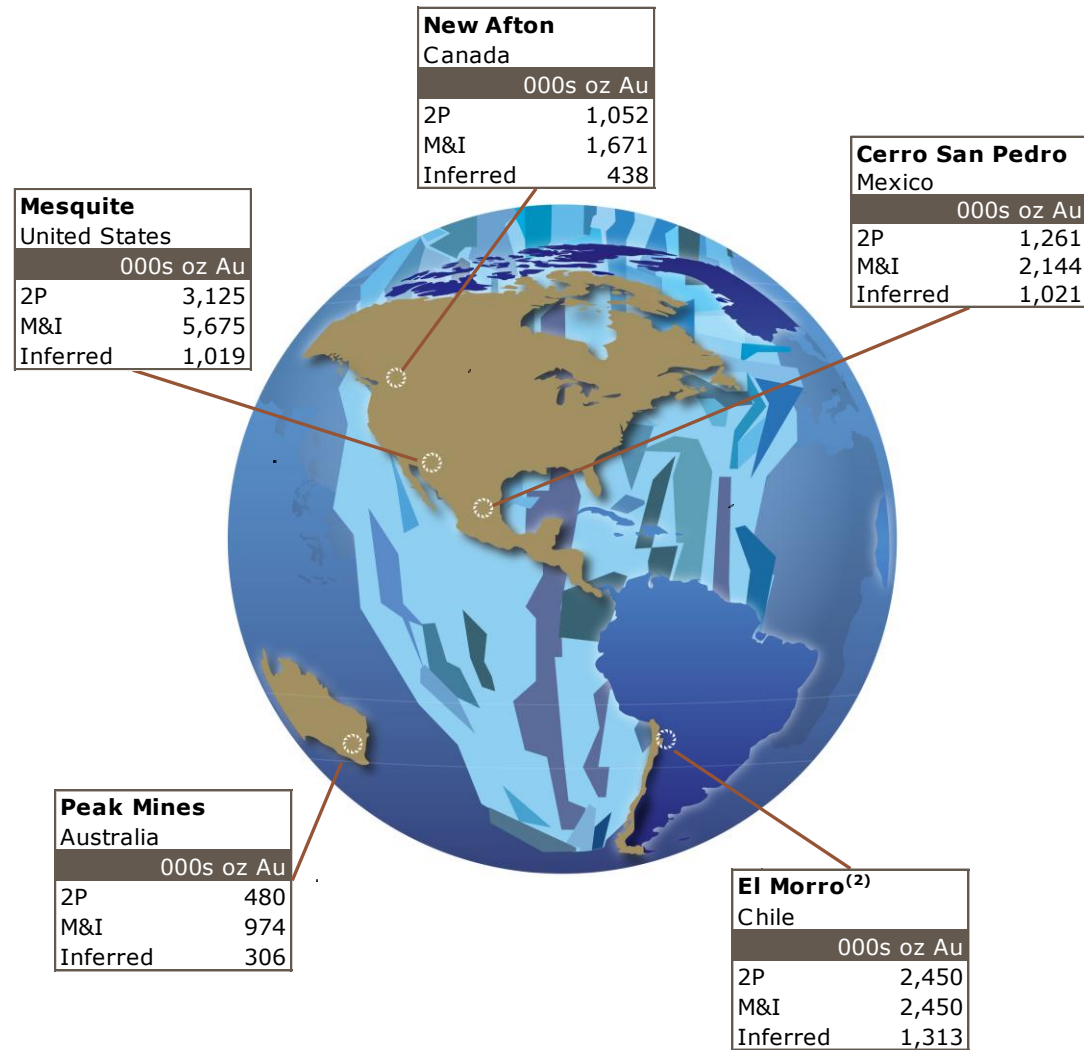
newgold



Reserves and resources – continued growth⁽¹⁾

8.4 Moz
Gold Reserve

12.9 Moz
M&I Resource⁽¹⁾



Notes: 1. Refer to New Gold's February 10, 2011 news release for detailed disclosure on Reserve and Resource calculations. Measured and Indicated Resources inclusive of Reserves.
2. Represents New Gold's 30% attributable share of Reserves and Resources.

Capitalization and liquidity



Notes:

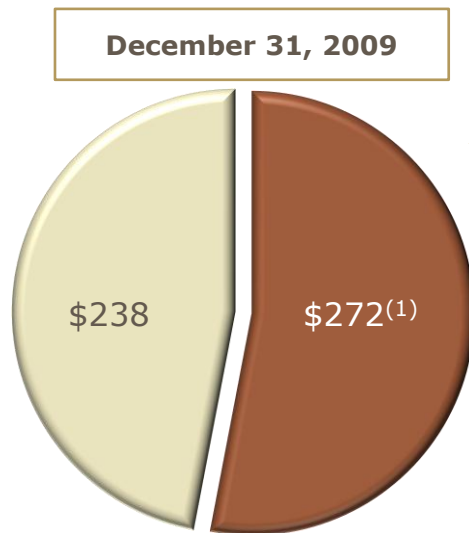
1. Cash and debt positions as of December 31, 2010. Debt is inclusive of face value senior notes C\$187 million and El Morro project funding loan.
2. C\$55 million face value convertible due June 2014 with C\$9.35 per share exercise price. Conversion would result in issuance of 5.9 million shares which are not included in the FDITM shares.
3. Year-to-date through February 2011 based on combination of TSX and NYSE Amex.



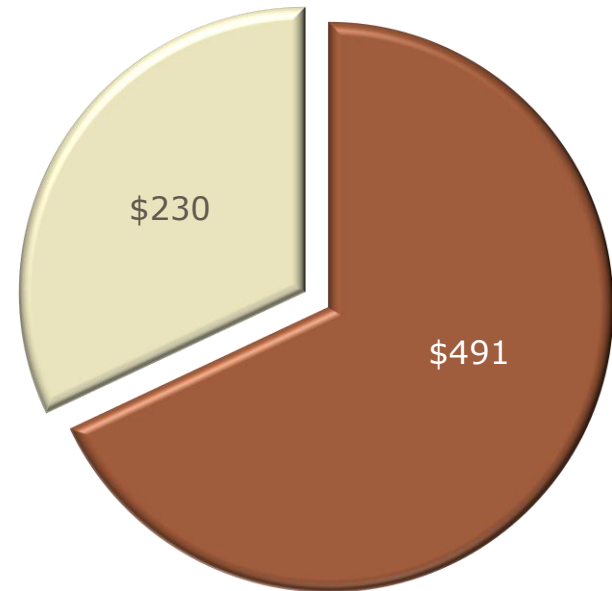
Significantly enhanced financial flexibility

Cash Debt

**\$227 million
increase in net cash**



El Morro funding
requirement
~ \$225 million



December 31, 2010

- 2010 capital spend of ~ \$150 million

El Morro funding
requirement
\$-- million

Management and Board of Directors

EXECUTIVE MANAGEMENT TEAM

Randall Oliphant, Executive Chairman

Robert Gallagher, President & CEO

Brian Penny, Executive VP and CFO

James Currie, Executive VP and COO

BOARD OF DIRECTORS

James Estey, Director

Robert Gallagher, President, CEO & Director

Vahan Kololian, Director

Martyn Konig, Director

Pierre Lassonde, Director

Craig Nelsen, Director




Randall Oliphant, Executive Chairman

Ian Telfer, Director

Raymond Threlkeld, Director

Quarterly and full year results – the best yet

- Fourth quarter highlights
 - \$84 million earnings from mine operations
 - \$73 million (\$0.19 per share) net earnings
 - \$88 million cash flow from operations
- 2010 full year highlights
 - \$203 million earnings from mine operations
 - \$135 million (\$0.35 per share) net earnings
 - \$182 million cash flow from operations

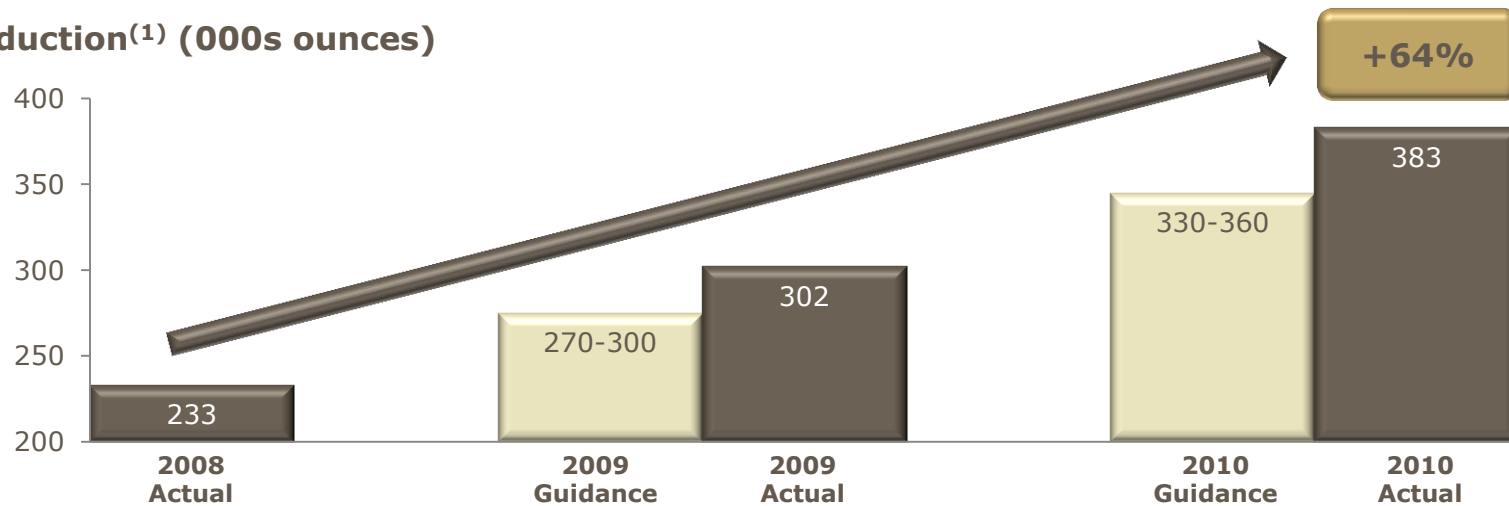
	Q4'10		2010A	
	Gold sales (Koz)	Cash cost ⁽¹⁾ (\$/oz)	Gold sales (Koz)	Cash cost ⁽¹⁾ (\$/oz)
 <p>Mesquite</p>	50	\$544	170	\$596
 <p>Cerro San Pedro</p>	39	\$138	115	\$230
 <p>Peak Mines</p>	28	\$312	85	\$361
newgold	117	\$354	369	\$428

Note: 1. Refer to Cautionary Statement and note on Total cash cost.

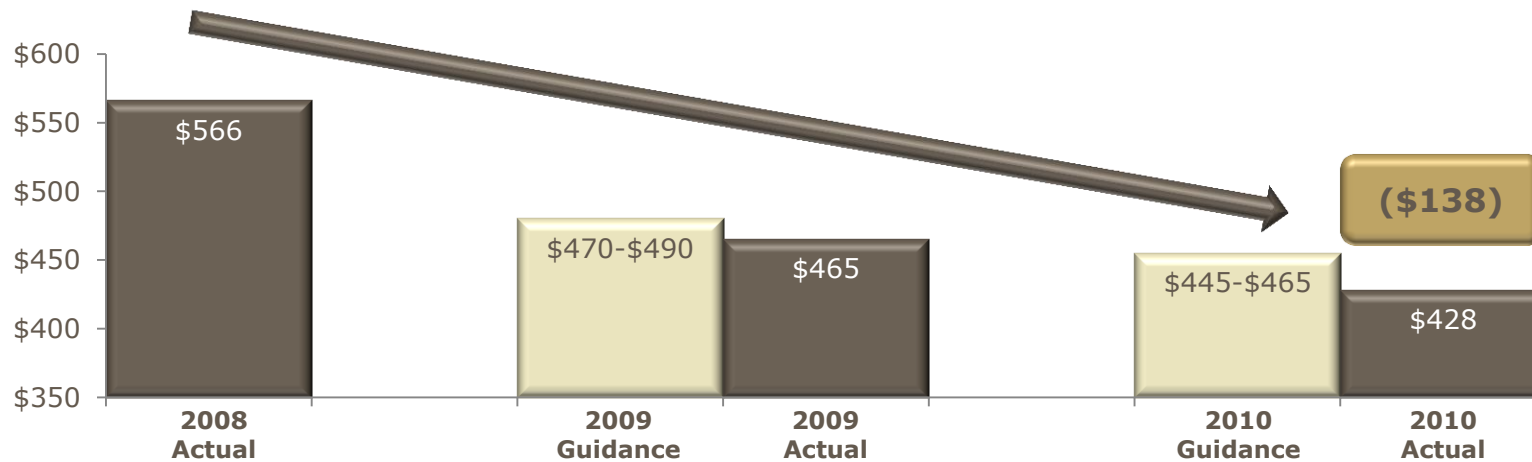


Operational execution

Gold production⁽¹⁾ (000s ounces)



Total cash cost⁽¹⁾ (\$ per ounce)



Note: 1. Refer to Cautionary Statement and note on Total cash cost.

- 2011 to deliver further growth at below industry average cost
- Significant margin at prevailing gold price
- Conservative by-product assumptions
 - Copper \$3.75/lb (\$0.75/lb discount to spot)
 - Silver \$23/oz (\$11.50/oz discount to spot)
- Copper production provides natural hedge to currencies/input costs

Gold production
380 – 400Koz

Total cash cost⁽¹⁾
\$430 – \$450/oz

New Afton's potential

New Afton(100%)



Remaining Capital

~ \$365 million

Average Annual Cash Flow⁽⁴⁾

~ \$290 million

Average Annual Sustaining Capital

~ \$20 million

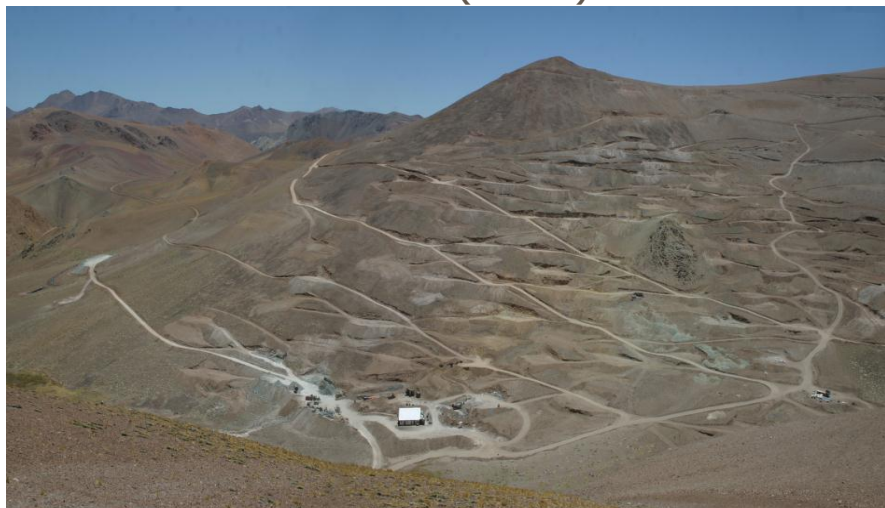
- Fully-funded, fully-permitted project
- Team with significant block cave experience
- ~ \$270 million capital in 2011
- Production start in mid-2012
- At today's prices, project payback ~2.5 years
- Potential for additional resources

Location	Canada
Mine type	Underground
Reserves ¹ – Gold/Copper (Moz/MIbs)	1.05/993
Resources ¹ – Gold/Copper (Moz/MIbs)	1.67/1,535
Estimate mine life	12 years
LOM production/yr (Au oz/Cu lbs) ²	85k/75m
LOM cash cost/oz co-product (Au/Cu) ³	\$385/\$0.90

Note: 1. Refer to New Gold's February 10, 2011 news release for detailed disclosure on Reserve and Resource calculations. Measured and Indicated Resources inclusive of Reserves.
 2. Refer to Cautionary Statements.
 3. Refer to Cautionary Statements and note on Total cash cost. Life of mine co-product costs based \$1,034/oz gold and \$2.26/lb copper.
 4. Using spot commodity prices.

El Morro (30%) – Next step in growth pipeline

El Morro (30%)



Gold Reserve⁽¹⁾

2.5 Moz

Copper Reserve⁽¹⁾

1.8 Blbs

- 22% and 8% increase in gold and copper reserves, respectively
- 1.3 Moz inferred gold resource at higher gold and copper grades in deeper portion of La Fortuna deposit
- Current Resource entirely contained within La Fortuna deposit
- Neighbouring El Morro deposit shows similar characteristics – underexplored
- Fully-funded by 70% partner Goldcorp
- Permit to begin exploration and construction expected in coming months

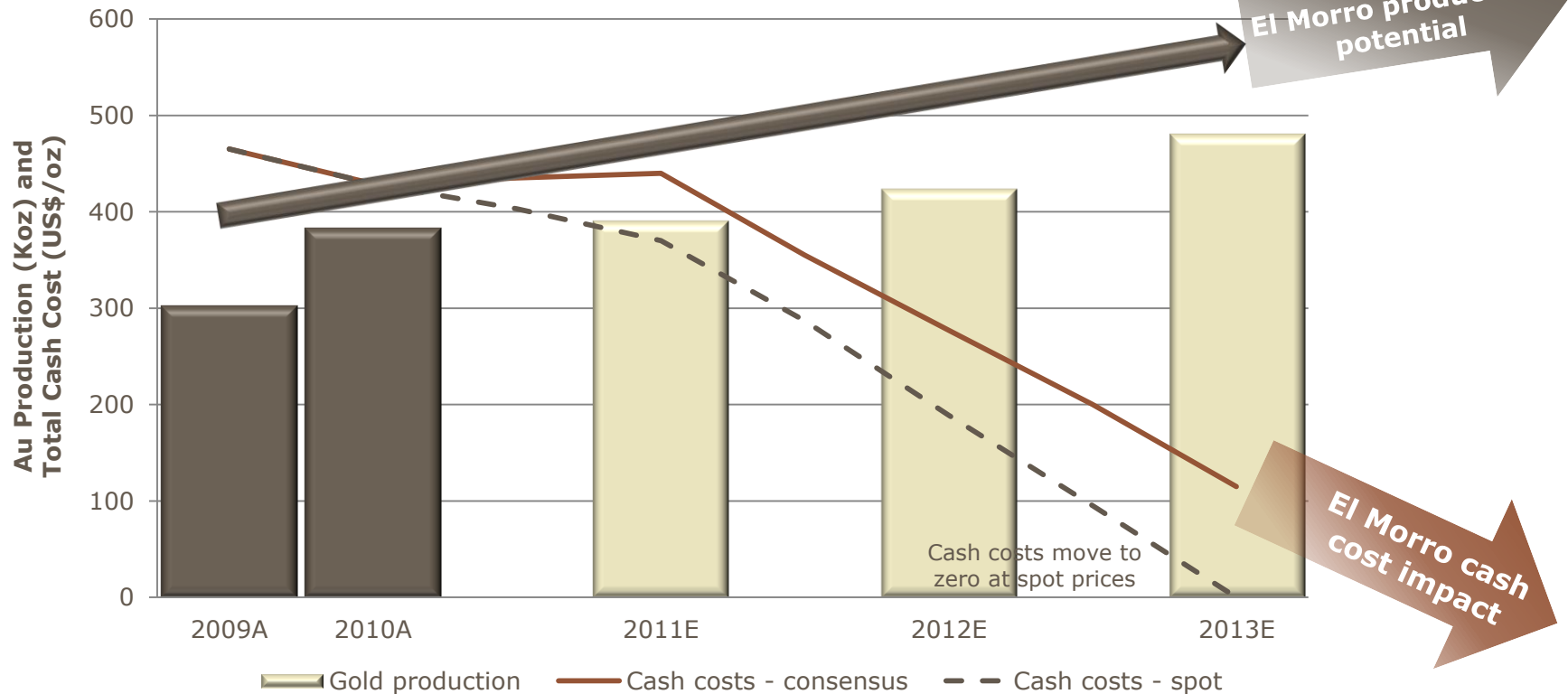
Location	Chile
Mine type	Open Pit
Reserves ¹ – Gold/Copper (Moz/MIbs)	2.45/1,835
Resources ¹ – Gold/Copper (Moz/MIbs)	2.45/1,835
Estimate mine life	15 years
LOM production/yr (Au oz/Cu lbs) ²	95k/105m
LOM cash cost/oz co-product (Au/Cu) ³	\$395/\$0.86

Note: 1. Refer to New Gold's February 10, 2011 news release for detailed disclosure on Reserve and Resource calculations. Measured and Indicated Resources inclusive of Reserves. El Morro Reserves and Resources shown on attributable 30% basis.
 2. Refer to Cautionary Statements.
 3. Refer to Cautionary Statements and note on Total cash cost. Life of mine co-product costs based \$1,034/oz gold and \$2.26/lb copper.

Gold production growth

EXCEPTIONAL GOLD PRODUCTION GROWTH PROFILE

Production Profile ^{1,2,3} (2009A-2013E)



EL MORRO PROVIDES ADDITIONAL VALUE OVER AND ABOVE CURRENT GROWTH PROFILE

Notes:

1. By-product consensus cash cost based on silver and copper prices as follows: 2011 - \$23.00/oz, \$3.75/lb; 2012 - \$22.23/oz, \$3.68/lb; 2013 - \$20.16/oz, \$3.24/lb.
2. Spot cash cost per ounce based on difference between above noted prices and recent spot prices: Silver - \$34.50/oz, Copper - \$4.50/lb
3. Refer to Cautionary Statements regarding Forward Looking Statements and Total Cash Cost.



Net asset value per share appreciation

Net Asset Value

6/1/09

Today

El Morro⁽¹⁾

~ \$40

\$693

New Afton

~ \$120

\$749

Amapari⁽²⁾

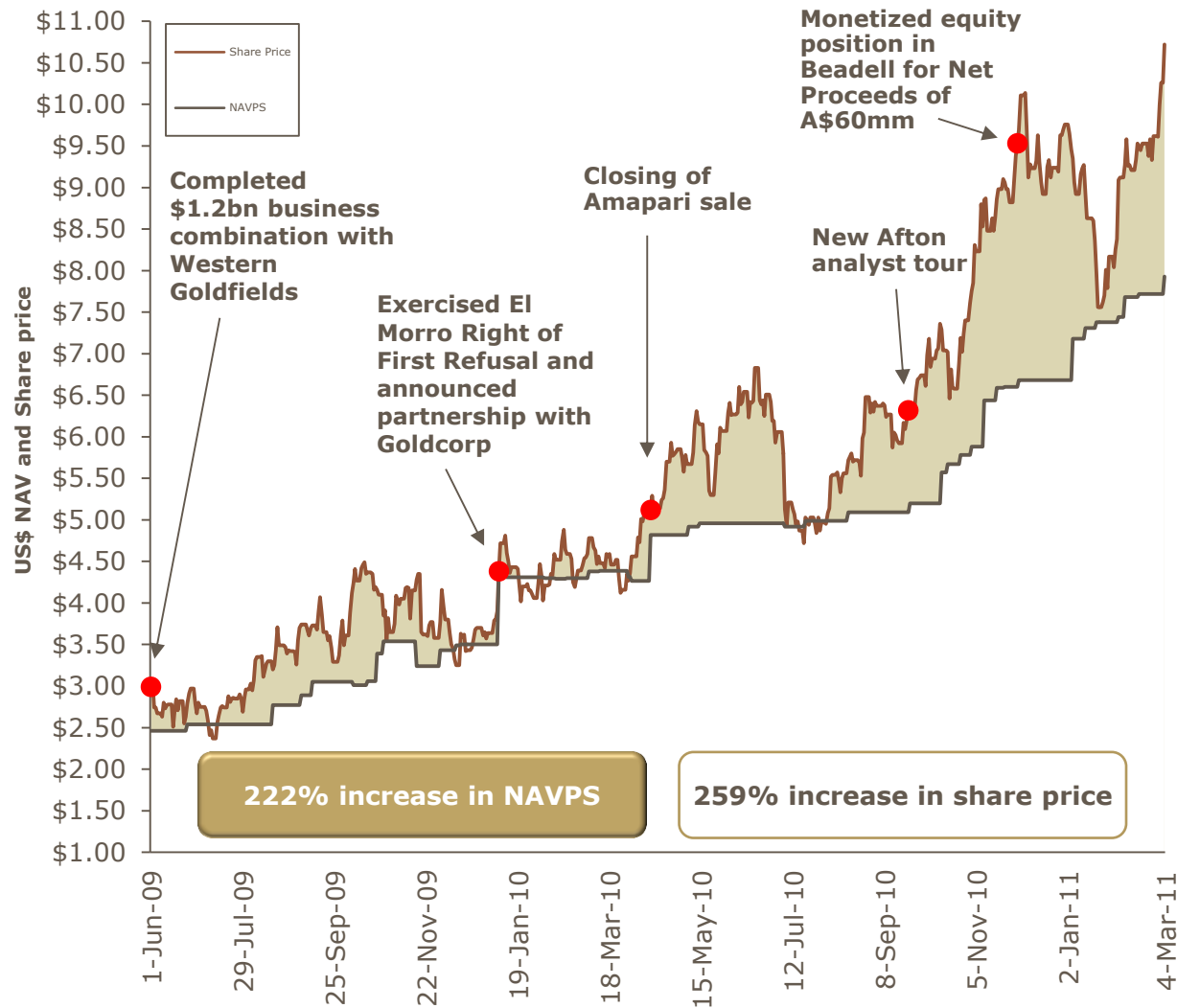
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\$95

Operating Portfolio⁽³⁾

~ \$875

\$1,388



Source: Broker Reports, Company Estimates and Announcements, Bloomberg.

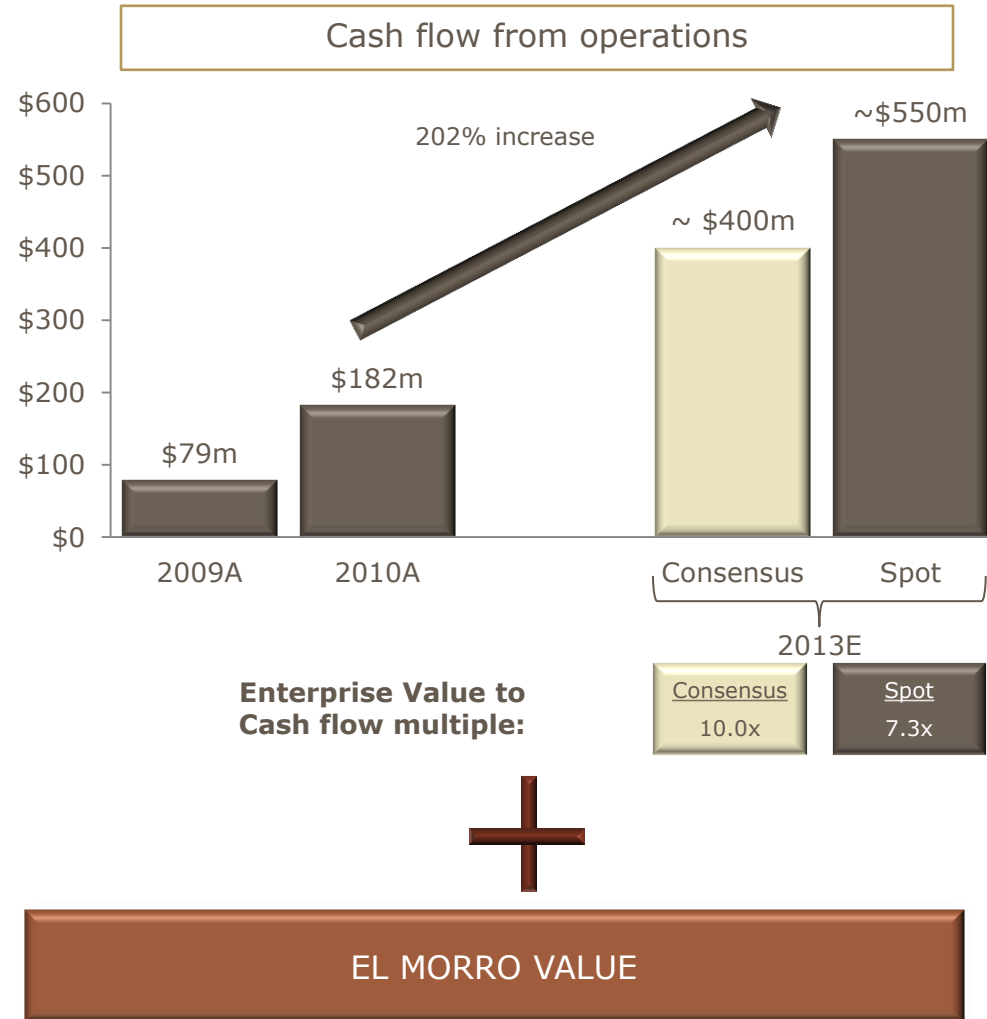
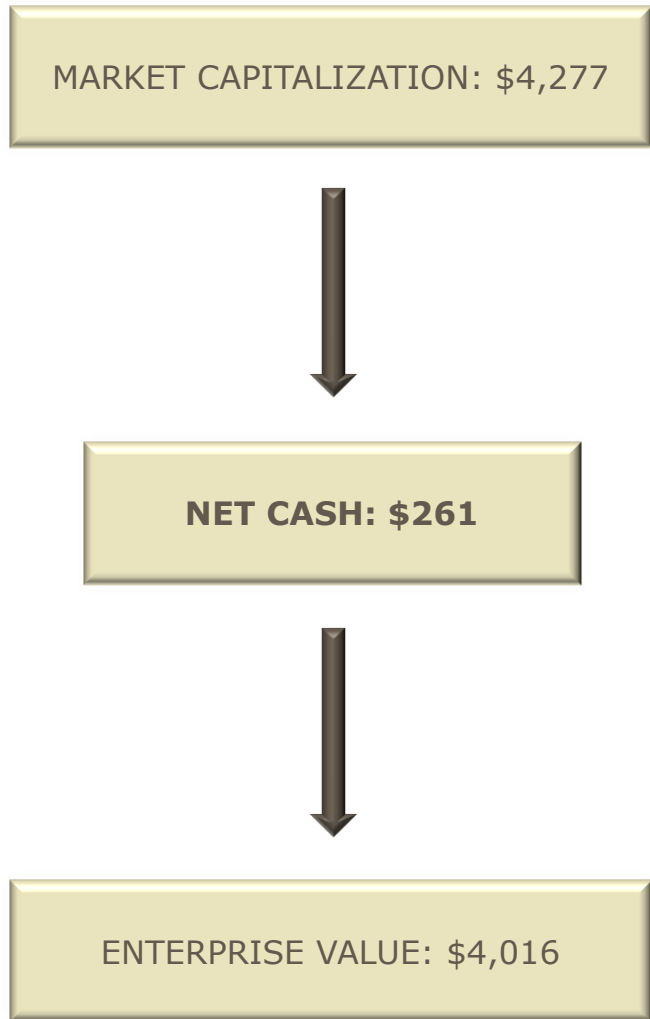
Notes: 1. Current street consensus NAV for El Morro; Includes \$50mm cash payment received from Goldcorp as part of transaction consideration.

2. Total value of proceeds from the sale of Amapari.

3. Street consensus NAV for Mesquite, Cerro San Pedro and Peak Mines.



Peer leading cash flow growth and value



Catalysts

COMPLETED

Sale of asset backed notes

Closing El Morro transaction

Sale of Amapari

Delivering on 2010 guidance

NEAR TERM – H1'2011

El Morro environmental permit

Goldcorp El Morro updates

Cerro San Pedro EIS

Advance New Afton

MEDIUM TERM - 2011

CSP Sulphide evaluation

Regional exploration at Peak

El Morro exploration

Deliver on 2011 guidance

Future growth transaction

The New Gold investment thesis

EXPERIENCED BOARD AND MANAGEMENT

FULLY FUNDED COMPANY WITH STRONG BALANCE SHEET

DIVERSIFIED ASSET BASE IN MINING FRIENDLY JURISDICTIONS

ORGANIC GROWTH OPPORTUNITIES/METAL OPTIONALITY

PRODUCTION GROWTH/MARGIN EXPANSION

INCREASING UNDERLYING ASSET VALUE

COMPELLING INVESTMENT PROPOSITION

MULTIPLE CATALYSTS