700117

Geology & Mineralization of the New Afton Porphyry Cu-Au deposit
+*C-Zone Project Update*

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TGDG

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Cautionary Statement

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

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

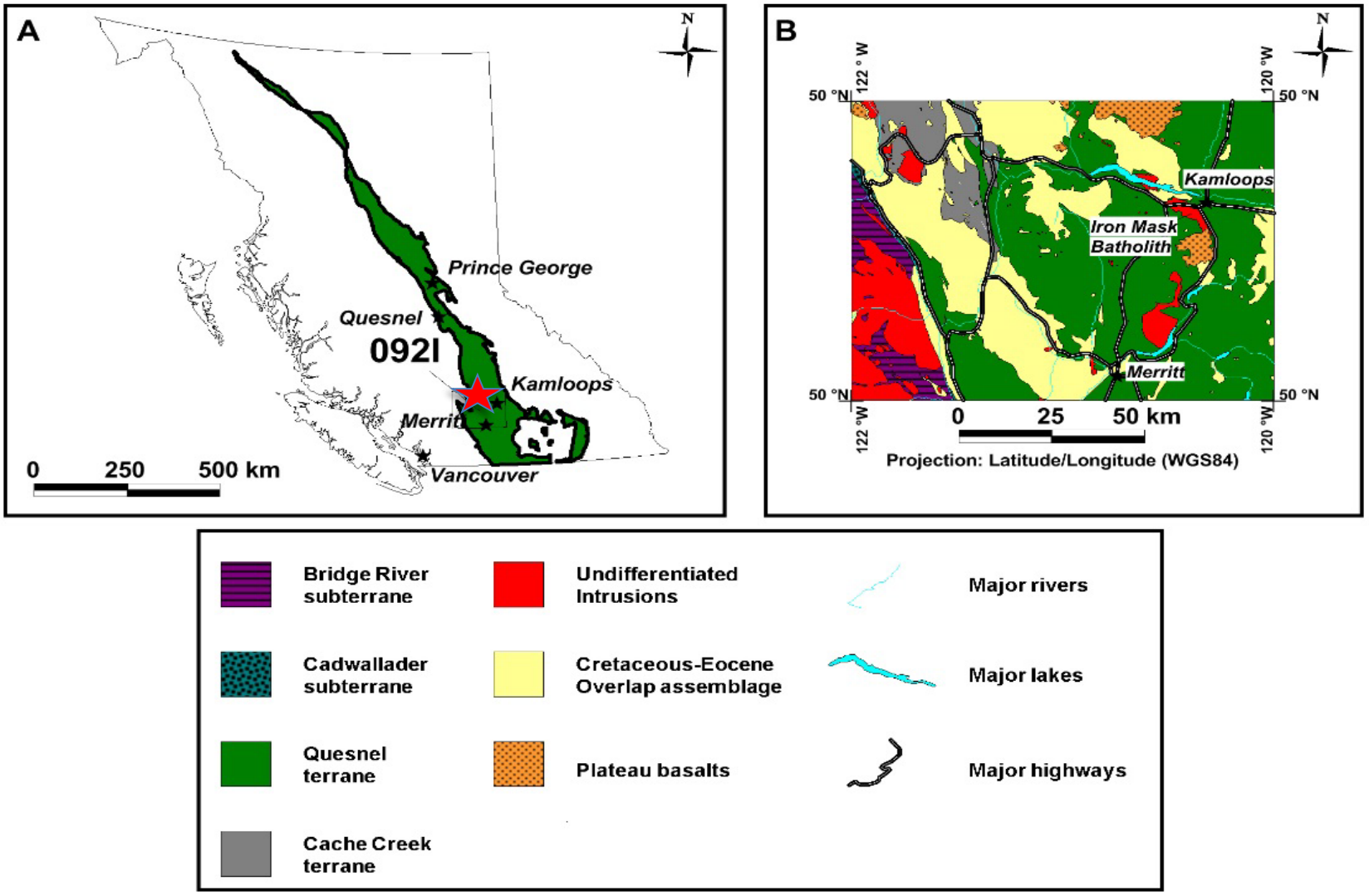
Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, without limitation: significant capital requirements and the availability and management of capital resources; additional funding requirements; price volatility in the spot and forward markets for metals and other commodities; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada and the United States; discrepancies between actual and estimated production, between actual and estimated mineral reserves and mineral resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Canada; 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 in British Columbia and Canada; the uncertainties inherent to current and future legal challenges New Gold is or may become a party to; diminishing quantities or grades of mineral reserves and mineral resources; competition; loss of key employees; rising costs of labour, supplies, fuel and equipment; actual results of current exploration or reclamation activities; uncertainties inherent to mining economic studies including the feasibility study for New Afton C-zone; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; unexpected delays and costs inherent to consulting and accommodating rights of First Nations and other Aboriginal groups; risks, uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations and complying with permitting requirements. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in New Gold's disclosure documents filed on and available at www.sedar.com.

Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this 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.

Topics

- New Afton Operation
- Exploration & C-zone Project Overview
- Geology, Alteration and Mineralization
- Concluding Remarks

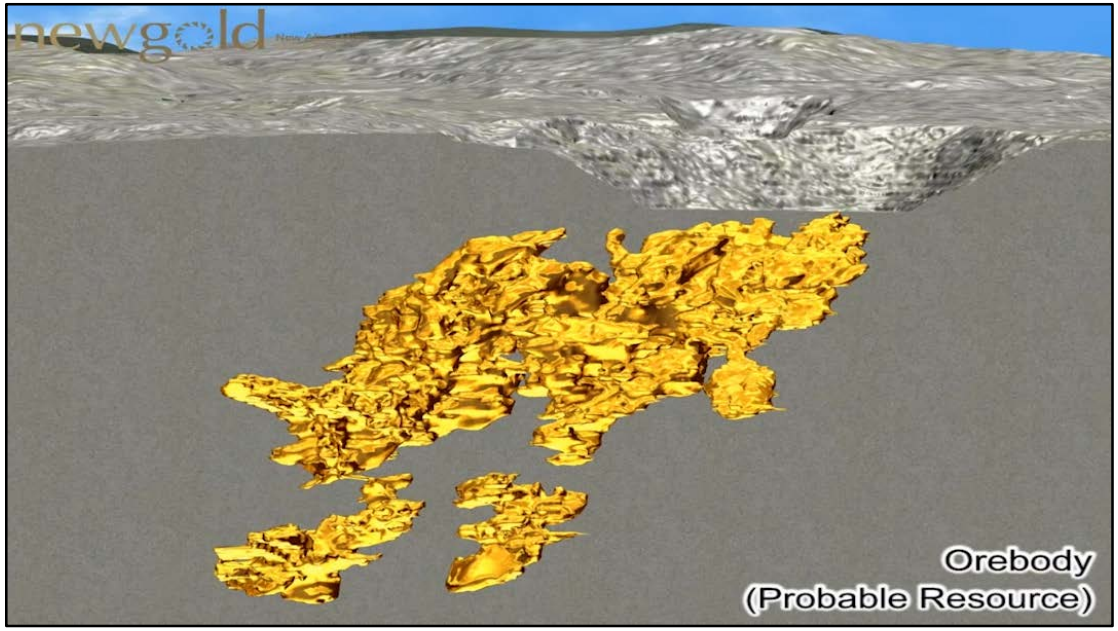
Regional Geology



From Hall & May, 2013

Orebody History and mining method

- Original Afton Mine operated by Teck Resources between 1978-1997
- Decision to transition to Underground Block Caving by New Gold
- Development began via decline ramp in 2005
- Mine Commissioned in 2012



Operational Achievements

- Achieved commercial production at 11,000 tpd rate ahead of schedule in Q3’ 2012
- New Afton Mill expansion successfully commissions in mid 2015
- 2015 Production was 106k oz. Au and 85M lbs Cu
- Current Throughput over 15ktpd
- ISO 14001 Certification for Environmental Management System and ISO 15001 Certification for Energy Management System
- Recipient of multiple BC Mine Safety Awards
  - 1.25 million hours without an LTI
  - Chief Inspector’s Award 2013
  - Safest Large UG Mine in BC (2013 and 2014)

New Afton – 2016 guidance

Gold Production (Koz)

90-100

Copper Production (Mlbs)

75-85

Total Cash Costs[1] ($/oz)

($335)-($295)

All-in Sustaining Costs[2] ($/oz)

$95-$135

Overview

- Gold and copper production decreases due to lower gold and copper grades
- Higher costs due to lower by-product revenues

Key Sensitivities

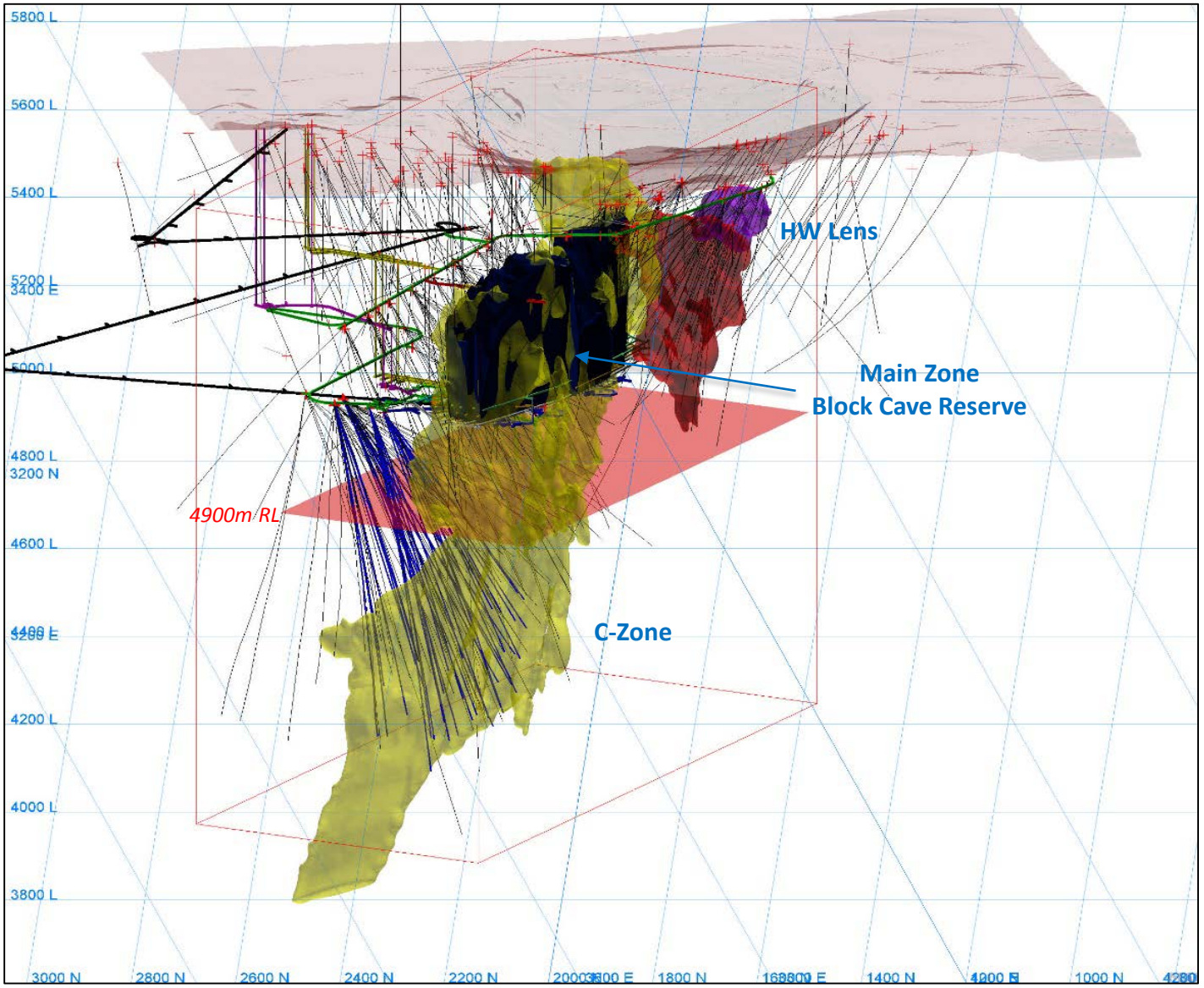
- $0.25 per pound change in copper price equals ~$210 per ounce change in New Afton all-in sustaining costs[2]
- $0.05 change in Canadian dollar exchange rate equals ~$55 per ounce change in New Afton all-in sustaining costs[2]

2017 Outlook

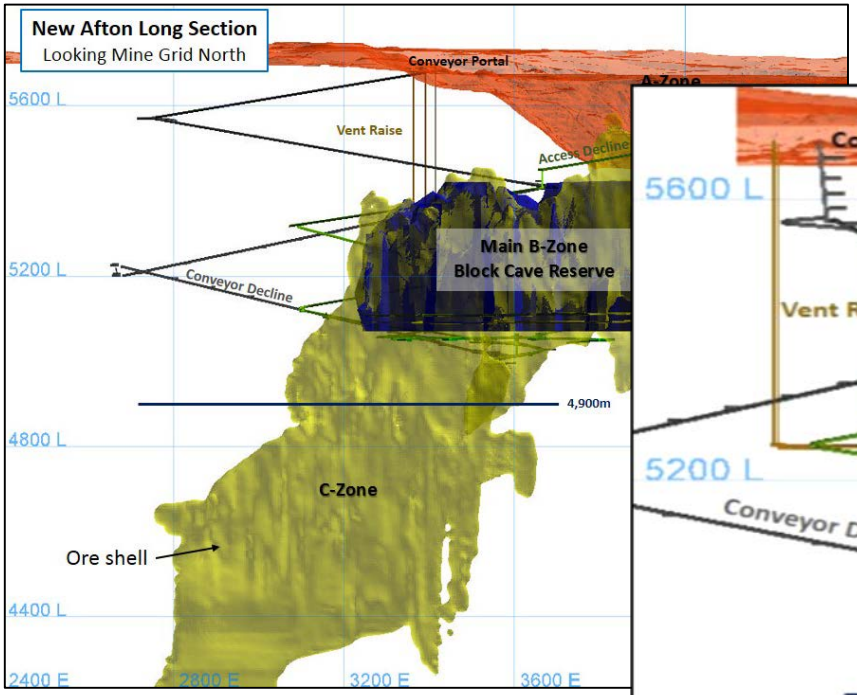
- Gold production of ~85,000 ounces and copper production of ~80 million pounds

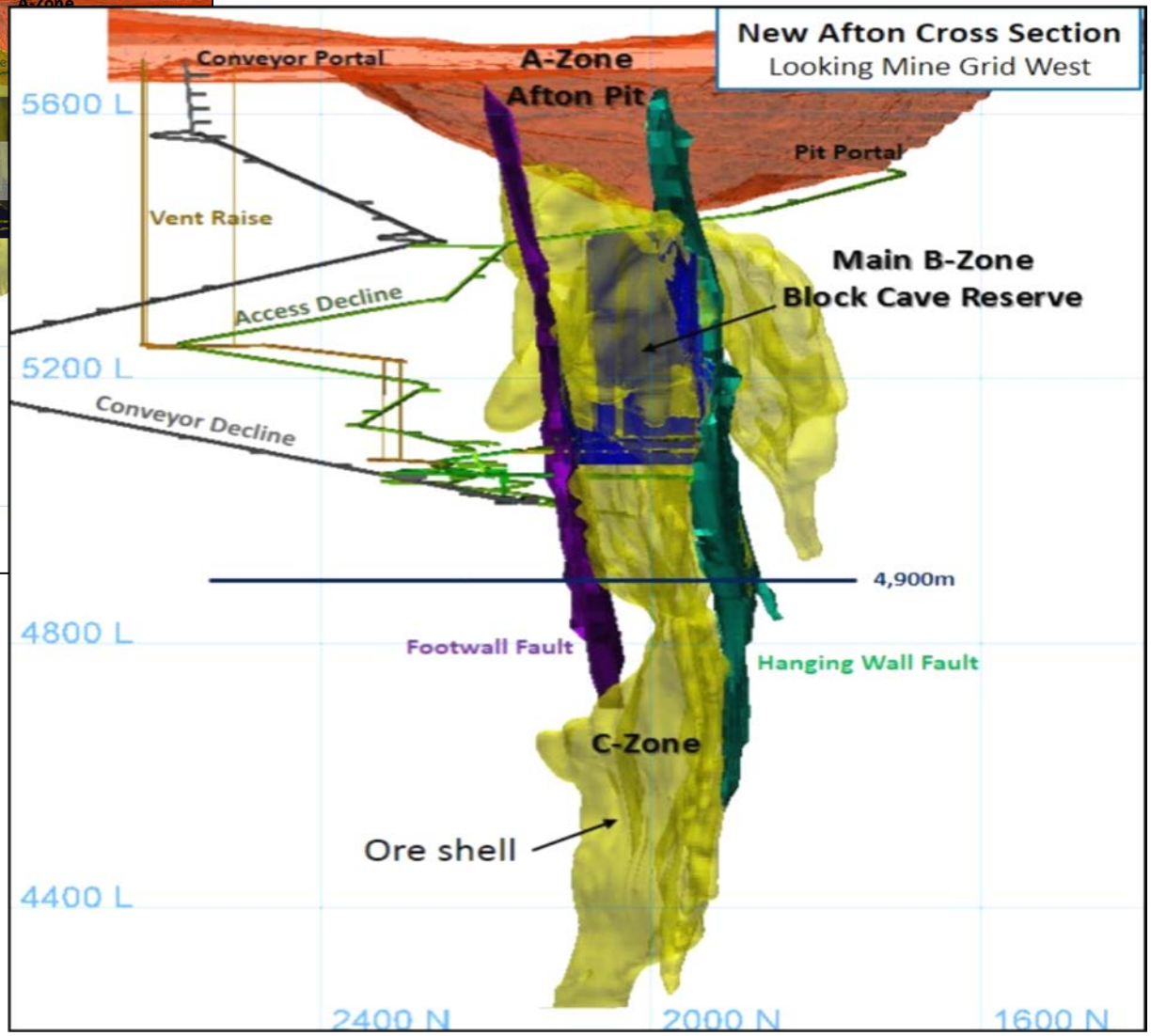
1. Refer to Endnote on total cash costs under the heading "Non-GAAP Measures". Co-product cash costs guidance: Gold - $505-$545 per ounce, Copper - $0.90-$1.05 per pound.
2. Refer to Endnote on all-in sustaining costs under the heading "Non-GAAP Measures". Co-product all-in sustaining costs guidance: Gold - $660-$700 per ounce, Copper - $1.20-$1.35 per pound.

Deposit Overview



New Afton Sections





New Afton C-zone reserves and resources

- **Added 583 thousand ounces of gold and 430 million pounds of copper**
- C-zone originally identified through limited deep holes drilled from surface prior to 2007
- Since July 2012 have completed 138 holes totaling 85,585 metres and continually updated resource
- Additional drilling planned in 2016 to further expand C-zone

Resource **remains open** at depth and to the west

2015 Year-End C-zone Reserves and Resources[1]

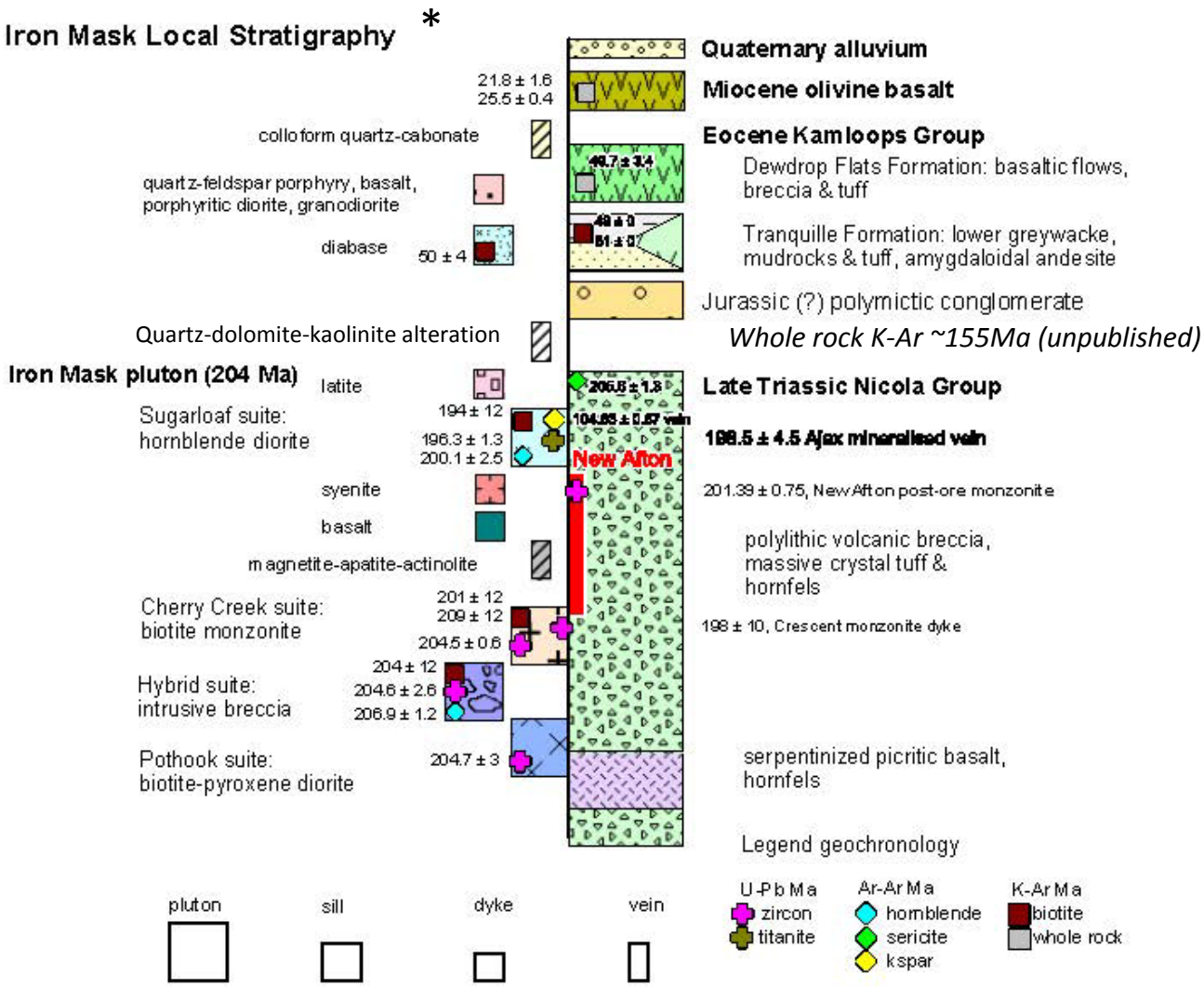
	Tonnes (000s)	Gold (g/t)	Copper (%)	Gold (Koz)	Copper (Mlbs)
Proven	-	-	-	-	-
Probable	25,040	0.72	0.78	583	430
Total P&P	**25,040**	**0.72**	**0.78**	**583**	**430**
Measured	2,230	1.05	1.21	75	59
Indicated	15,462	0.79	0.96	392	326
Total M&I	**17,693**	**0.82**	**0.99**	**467**	**385**
Inferred	6,856	0.48	0.54	106	87

2012 Year-End C-zone[2]

	Tonnes (000s)	Gold (g/t)	Copper (%)	Gold (Koz)	Copper (Mlbs)
Measured	400	0.60	0.73	8	6
Indicated	2,900	0.63	0.68	58	43
Total M&I	**3,300**	**0.62**	**0.68**	**66**	**49**
Inferred	13,600	0.70	0.76	307	228

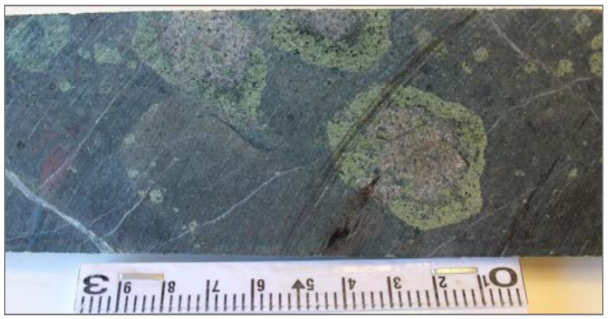
1. *M&I resources exclusive of reserves. For a detailed breakdown of Mineral Resources and Reserves by category, refer to New Gold's news release dated February 17, 2016 titled "New Gold Announces 2015 financial results with record gold production leading to strong cash flow". Refer to Endnotes under the heading "Cautionary note to U.S. readers concerning estimates of mineral reserves and mineral resources" and "Technical Information".*
2. *For additional details regarding 2012 information, refer to the Annual Information Form dated March 27, 2013.*

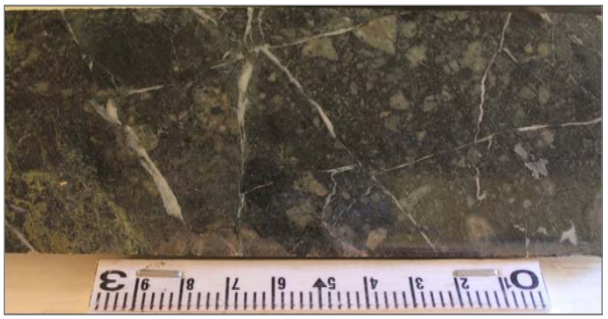
New Afton Stratigraphic Column

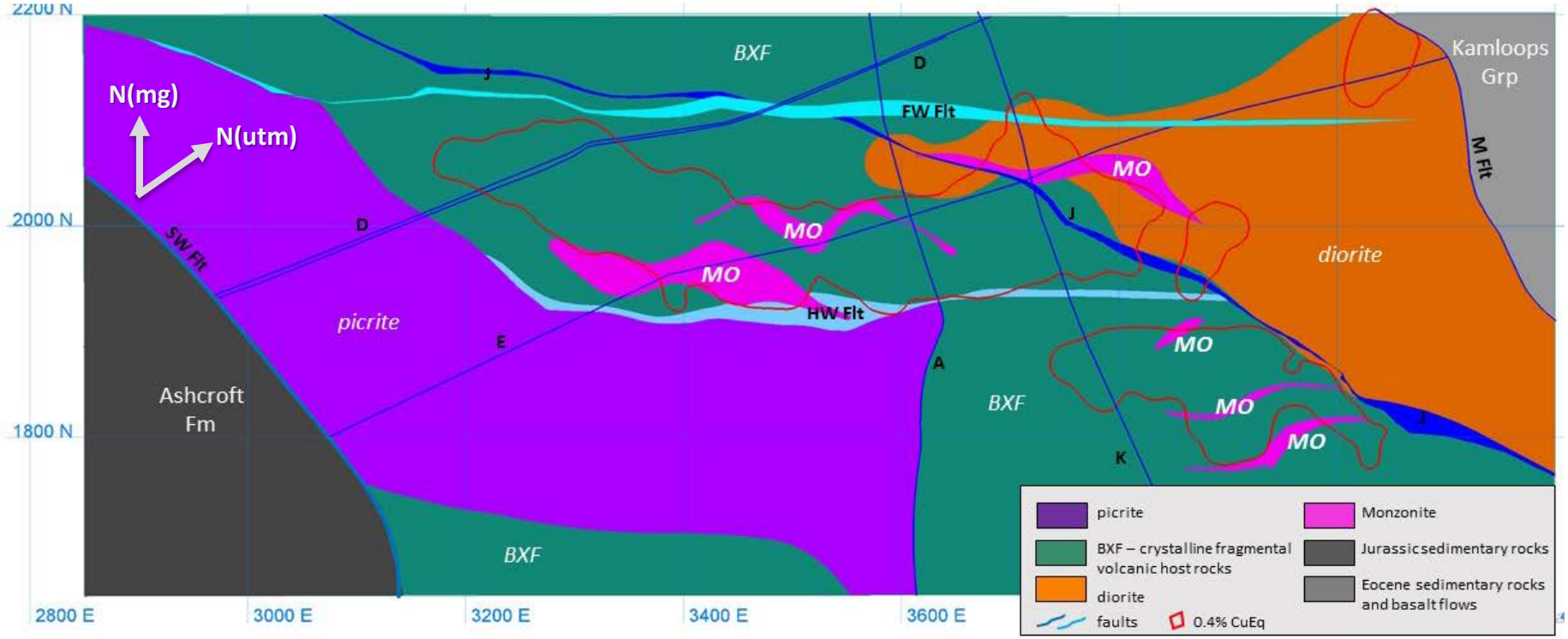


** Compiled from work of NGD, Snyder (1994), Ewing (2001) and Logan et al. (2006)*

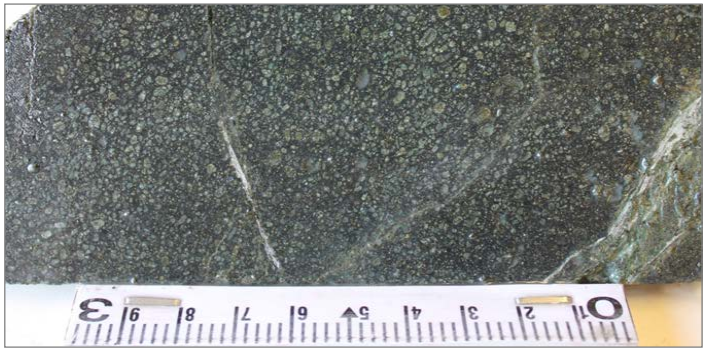
Fragmental and Crystalline Volcanics (BXF)

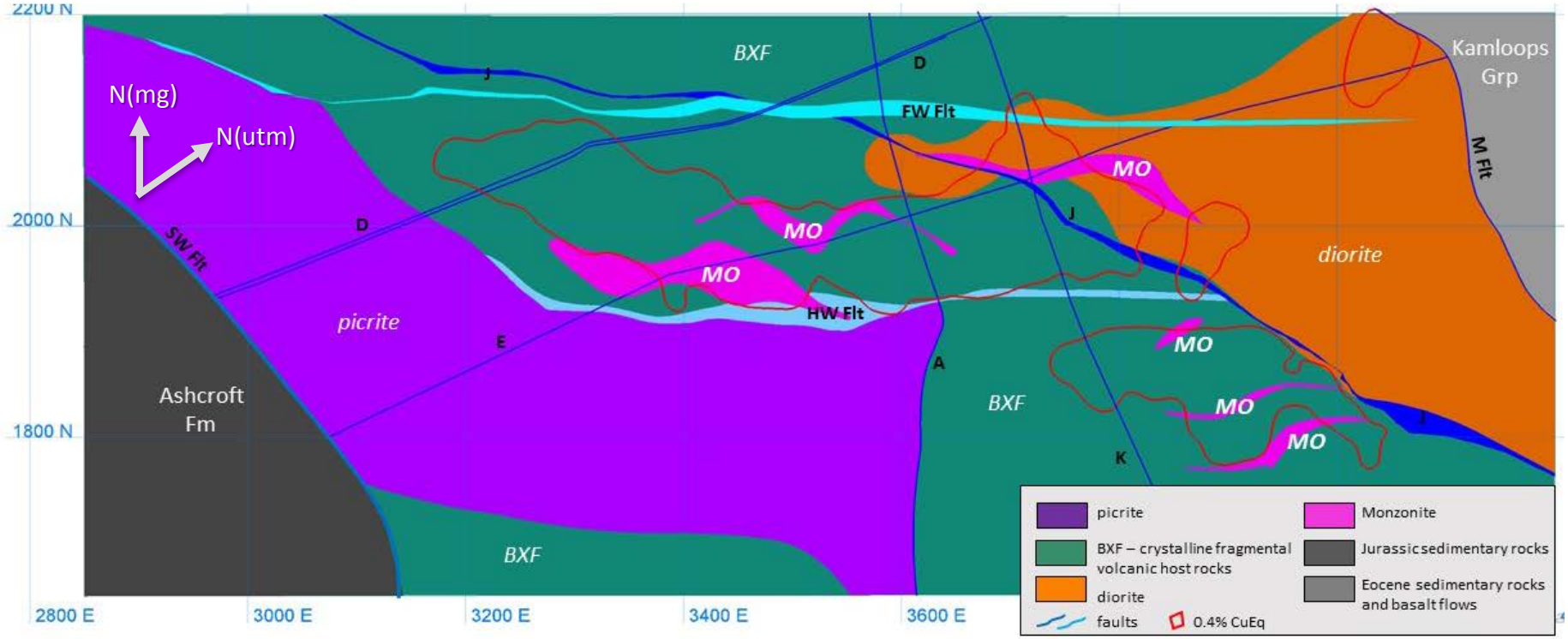




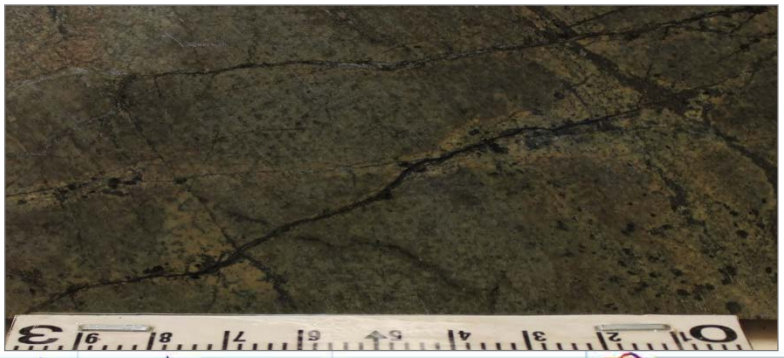


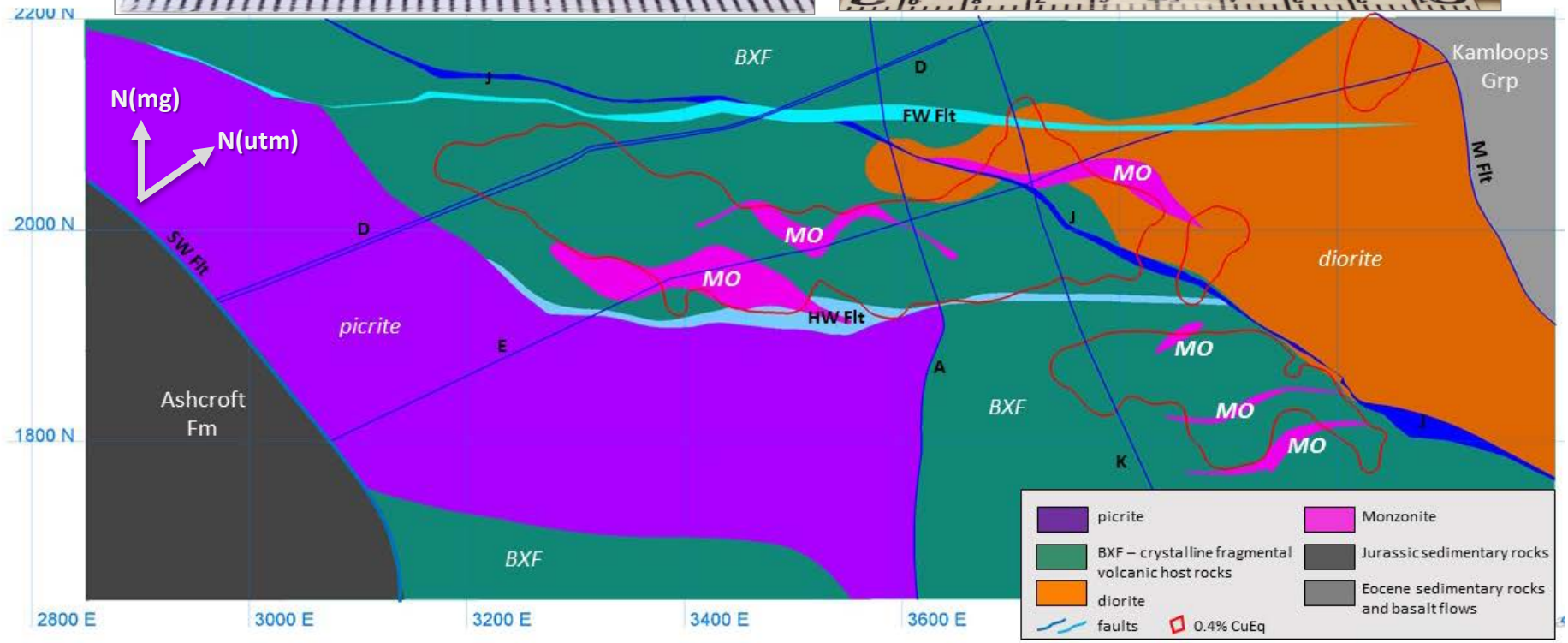
Ultramafics - Picrite



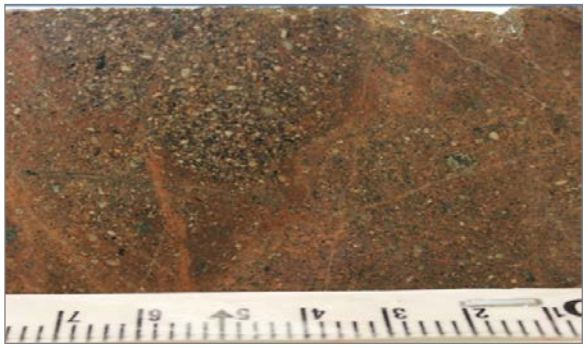


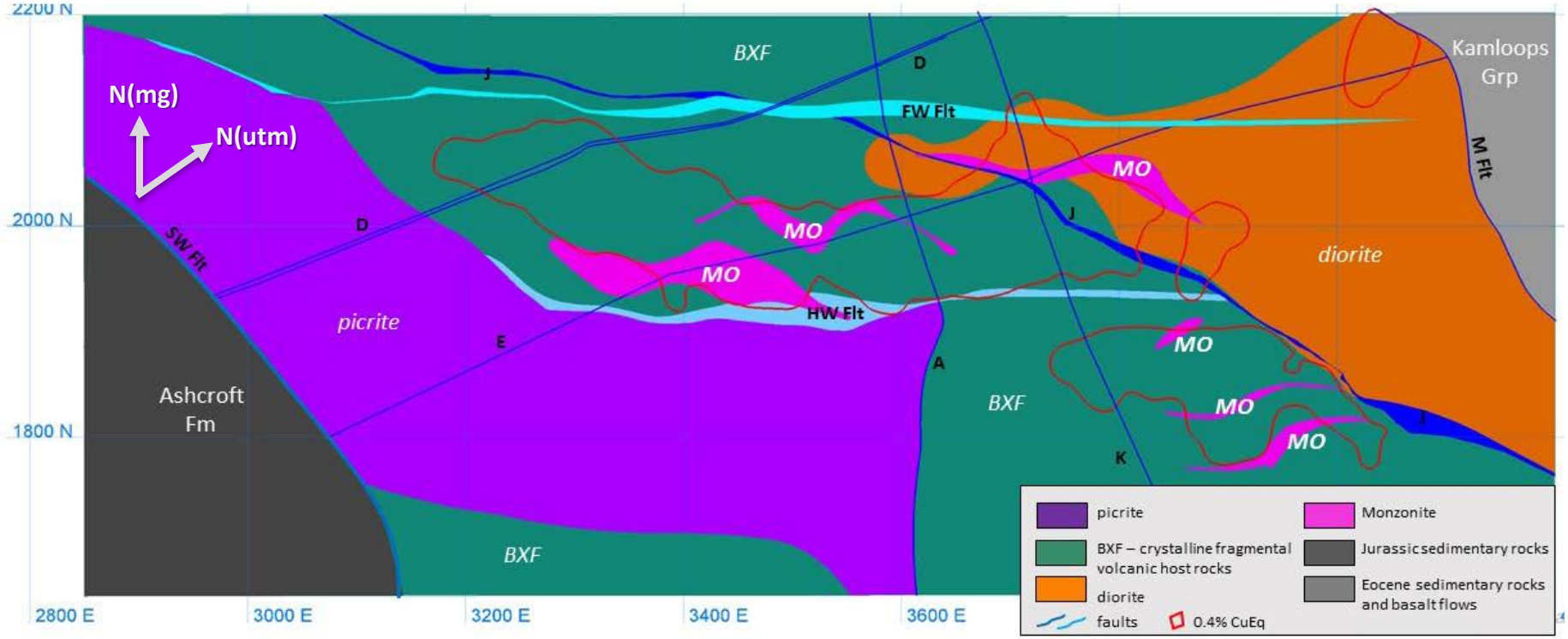
Intrusive Rocks - Diorite



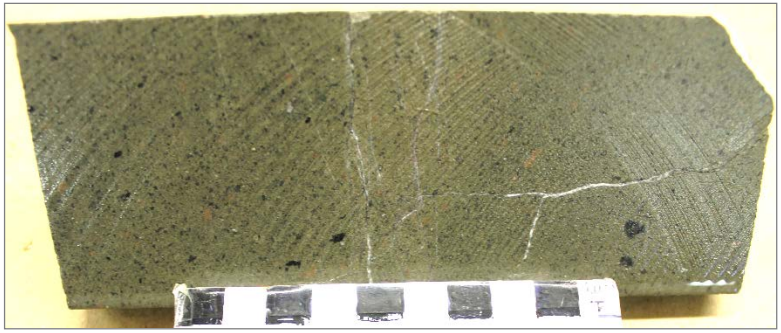


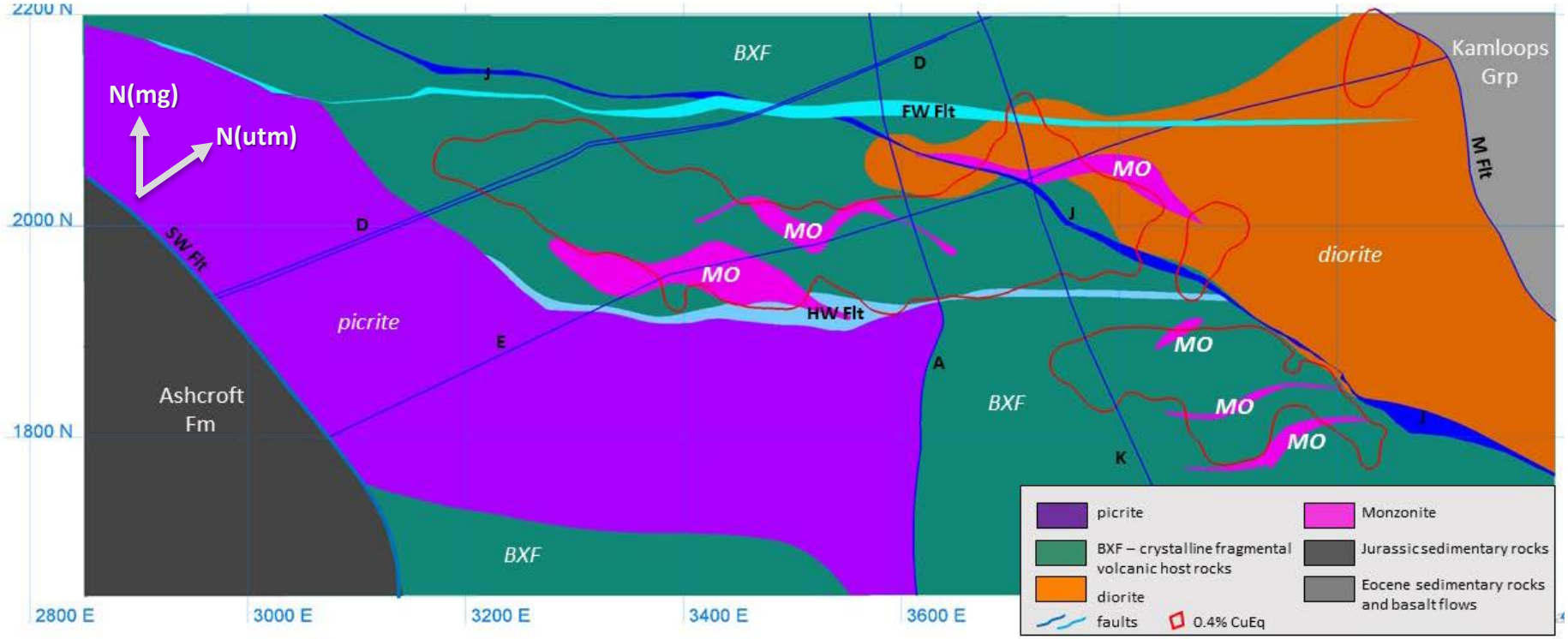
Intrusive Rocks - Monzonite





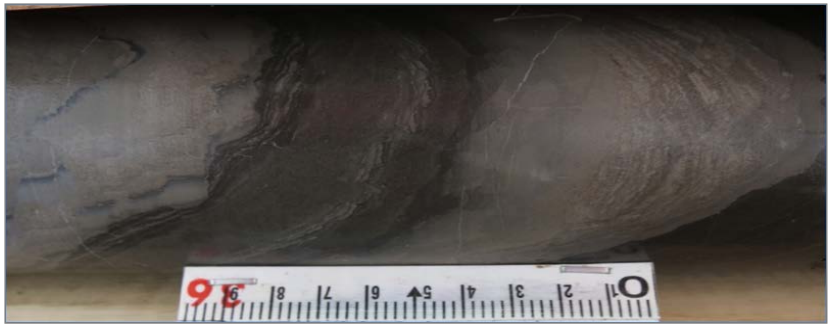
Intrusive Rocks - Latite

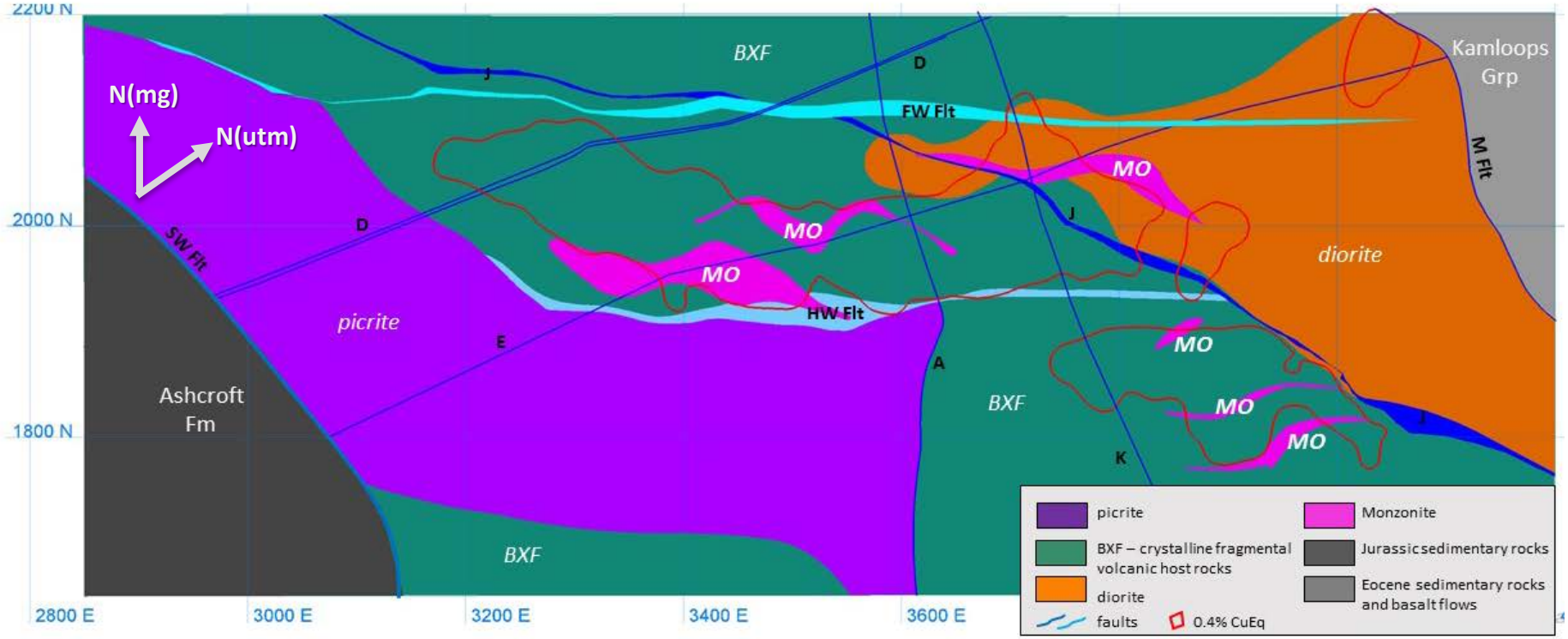




New Afton Lithological Model

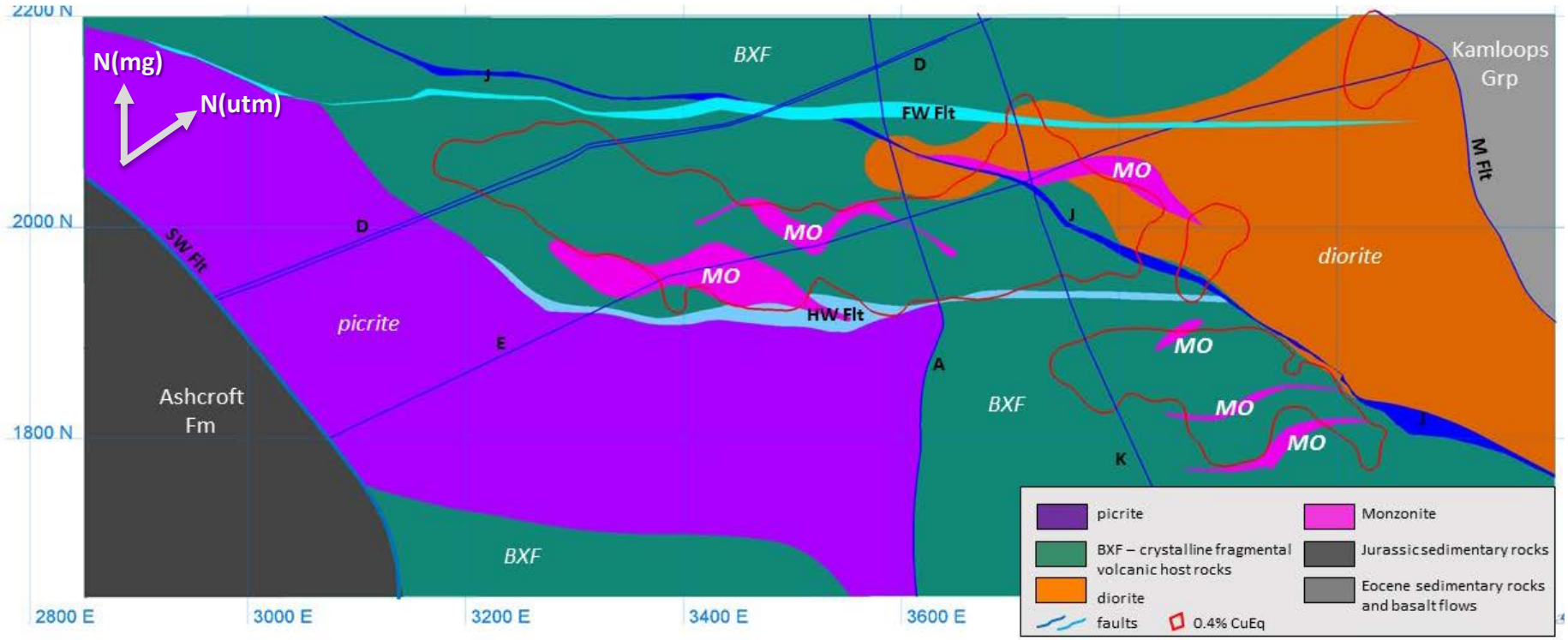
Sediments



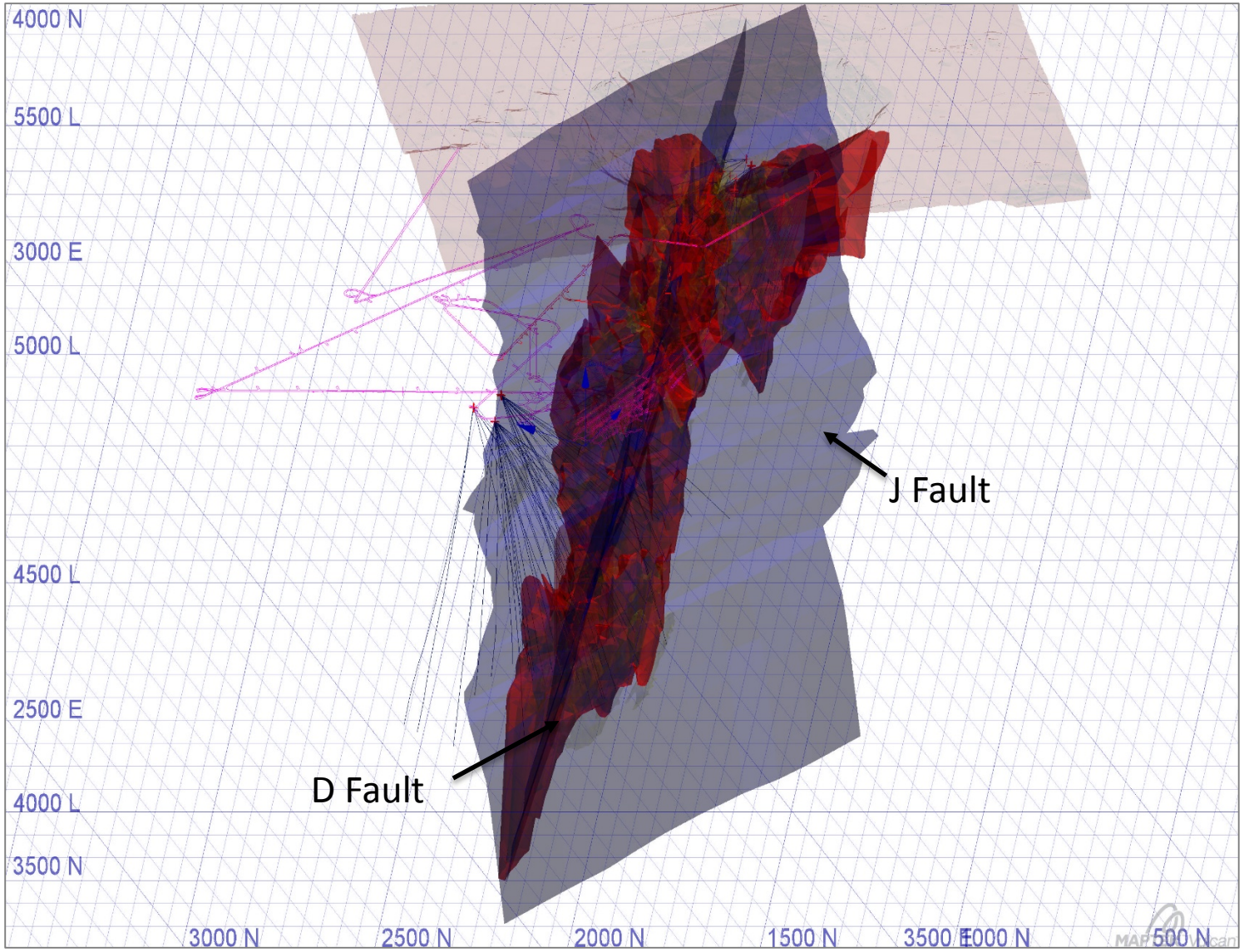


New Afton Structural Model

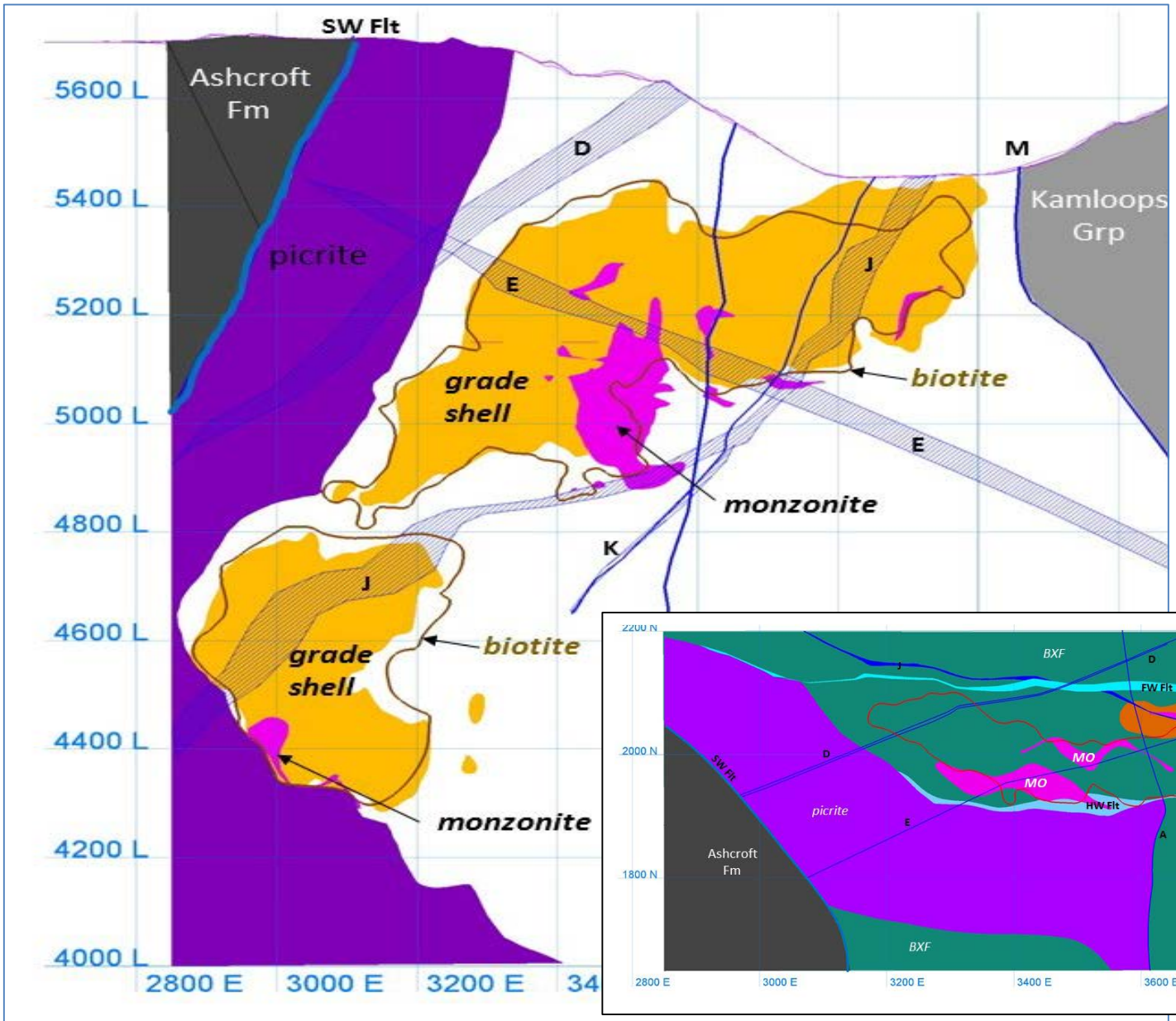
- Four Major structural trends recognized
  - North-northwest trending (A, K & M)
  - East-West Trending Footwall and Hangingwall faults
  - North west Linkage faults (J)
  - North east trending (D, E)

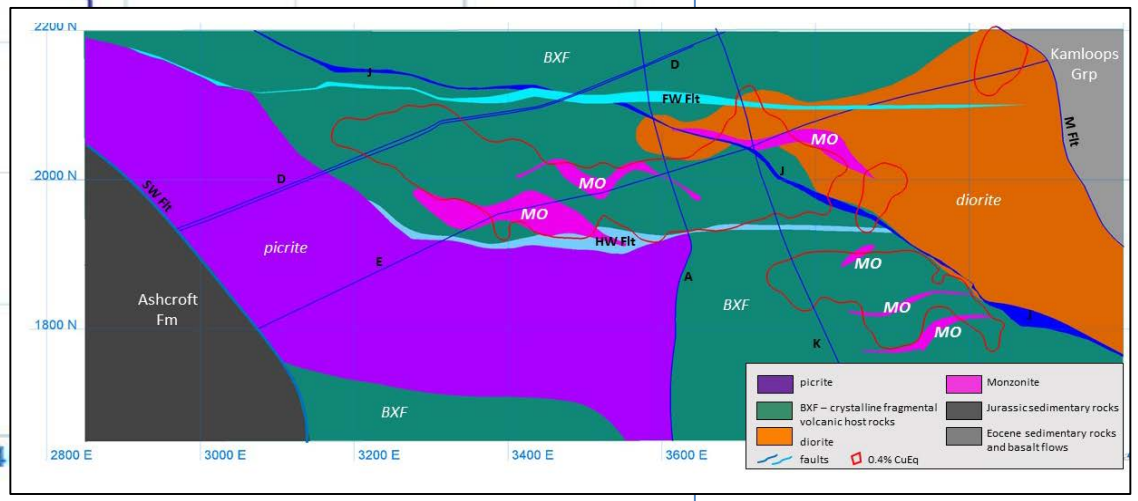


New Afton Structural Model



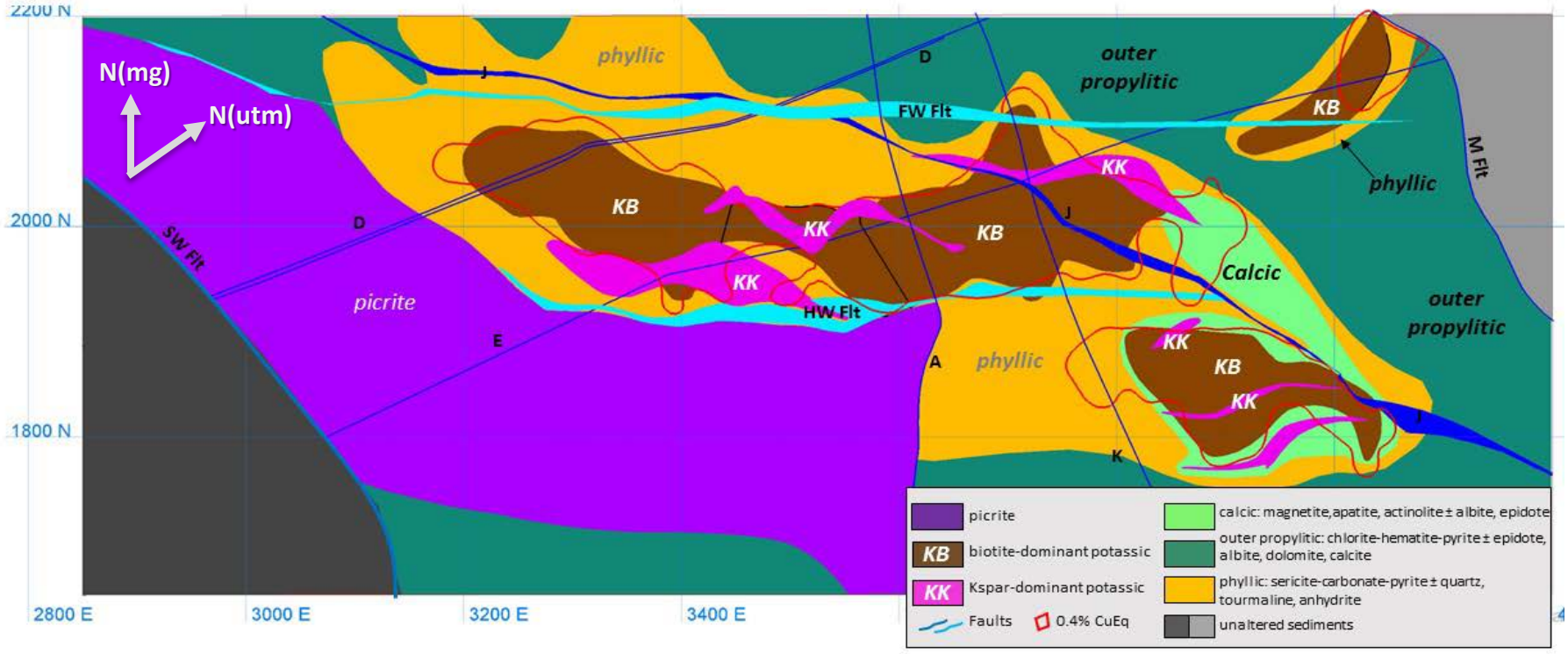
New Afton Structural Model – Long Section



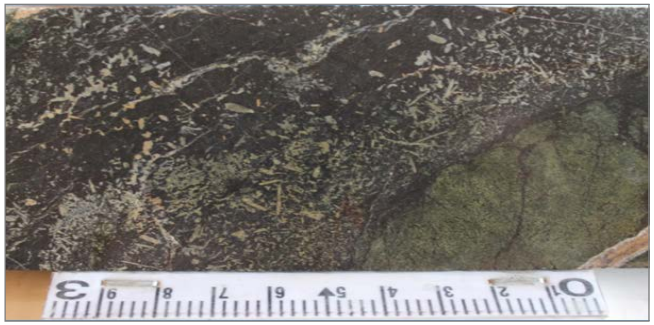


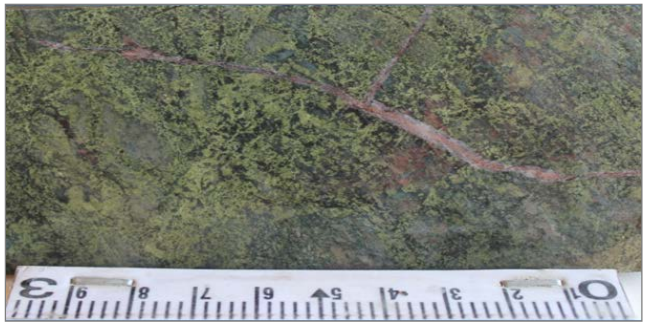
New Afton Alteration Model

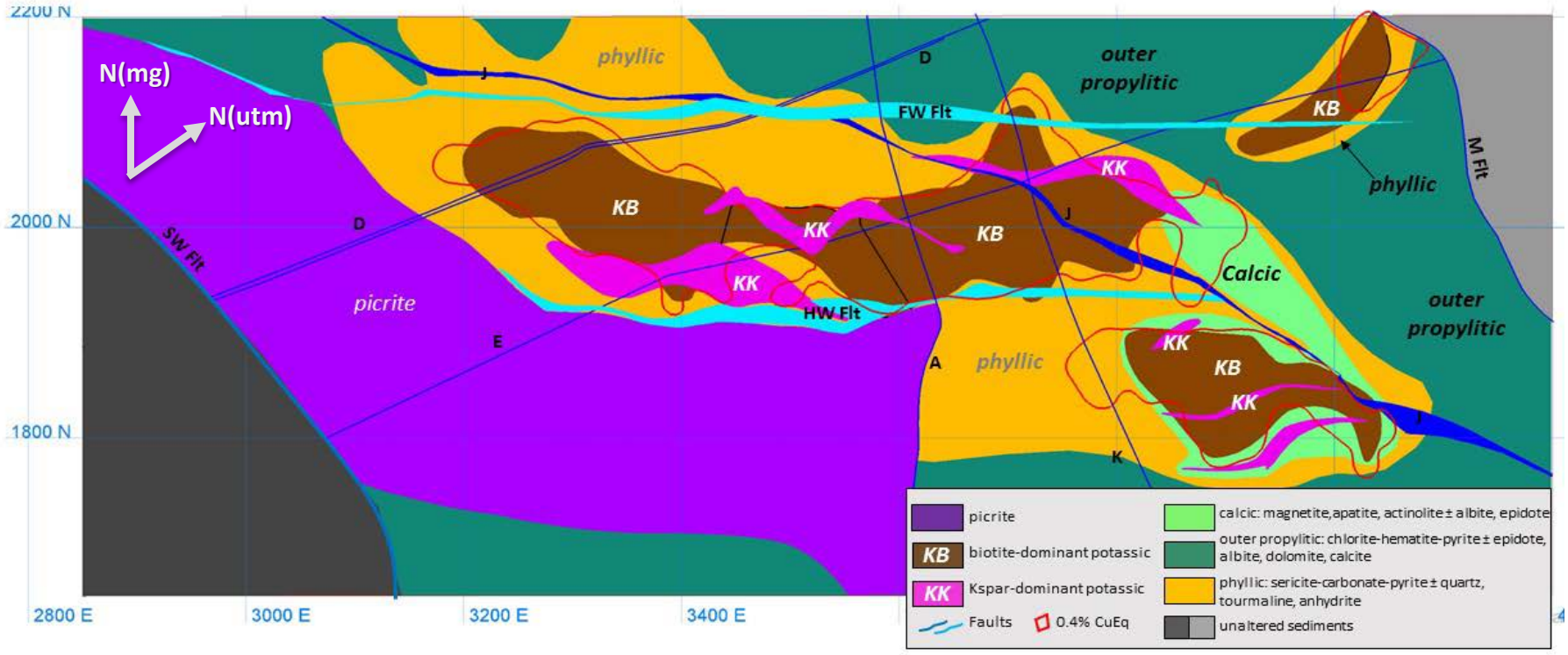
- Major alteration domains:
  - Calcic
  - **Potassic (KK, KB)**
  - Propylitic
  - Phyllic
  - Advanced Argillic (not shown)



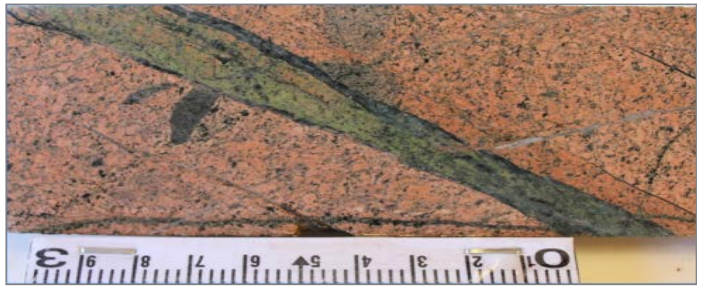
Calcic (Calc-Potassic) – magnetite - actinolite, apatite ± epidote

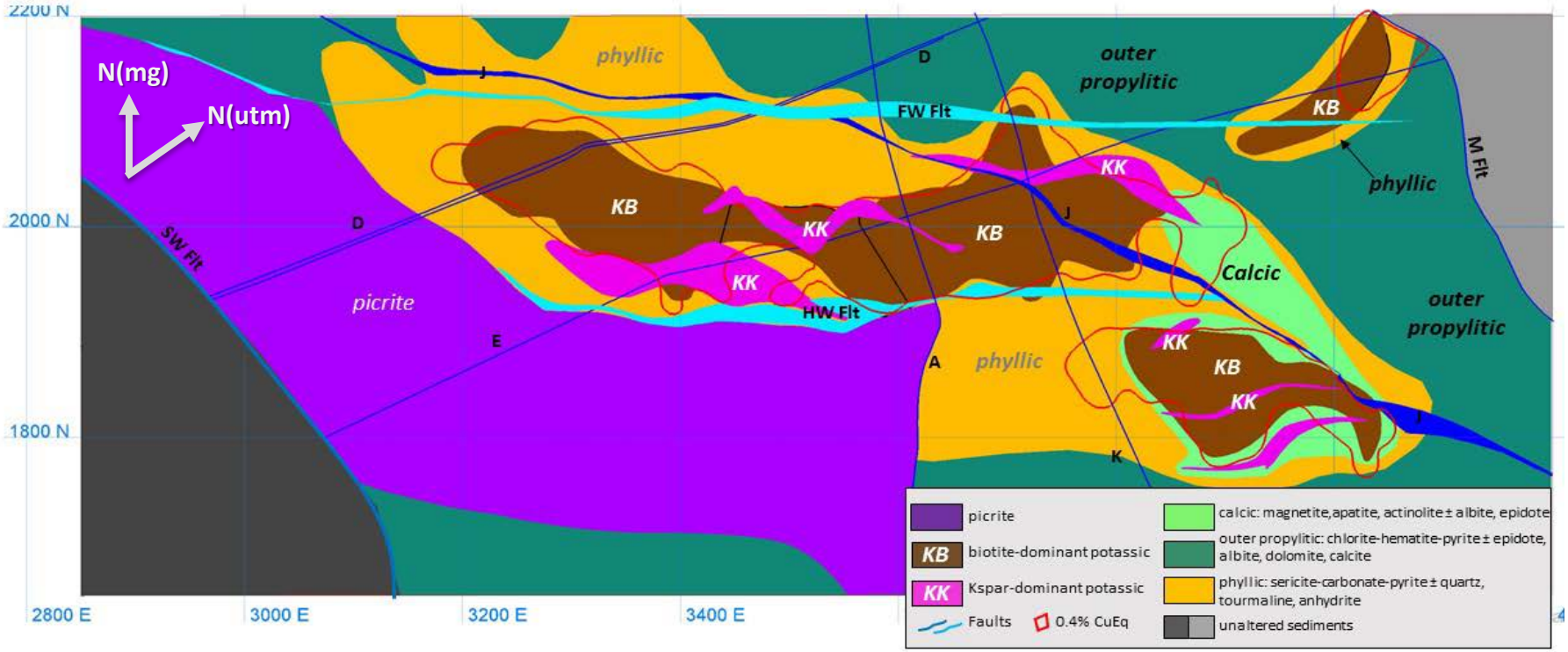




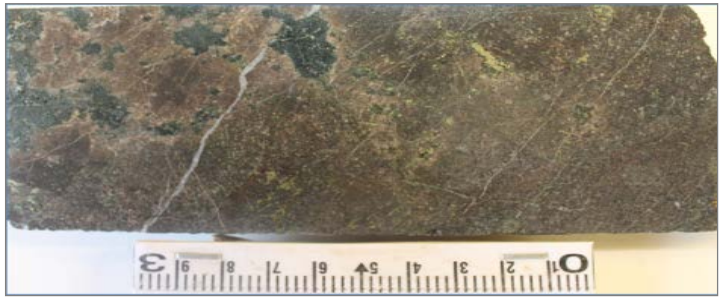


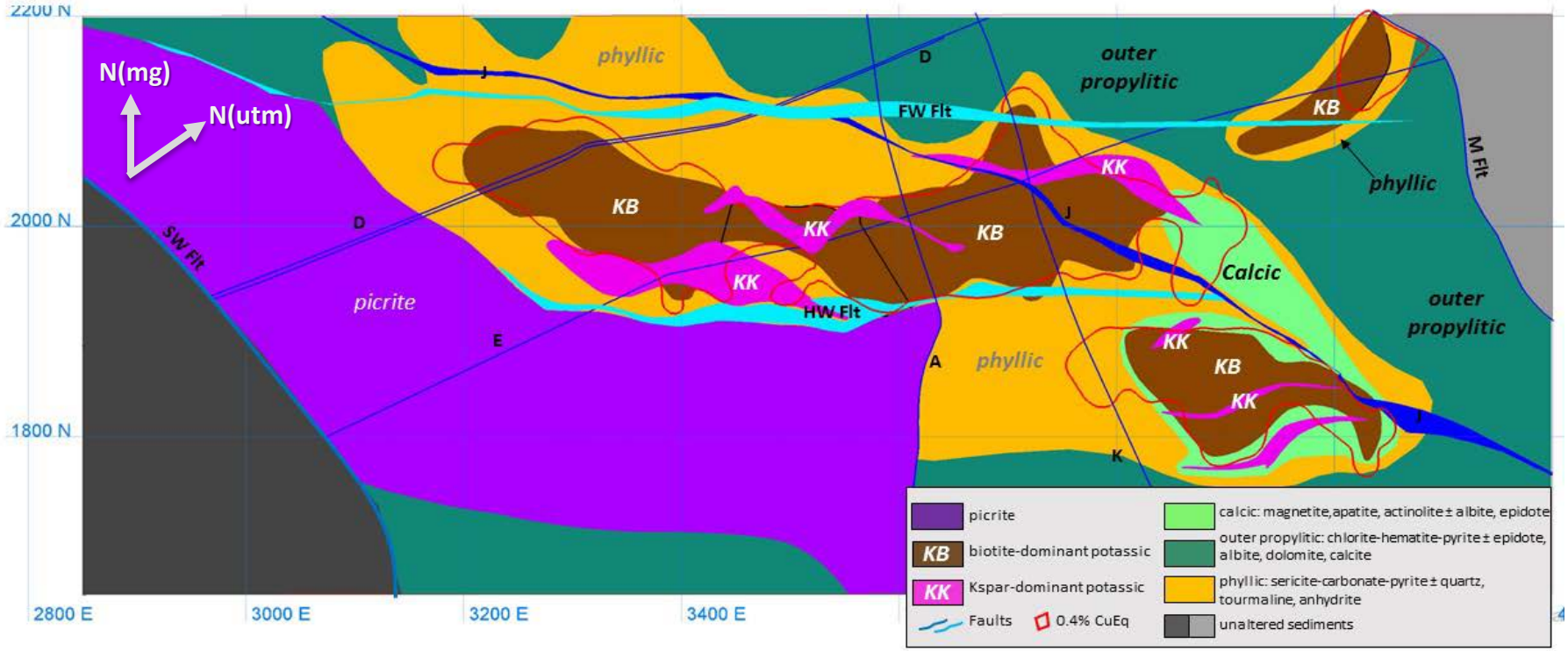
Potassic – K-Feldspar Dominant





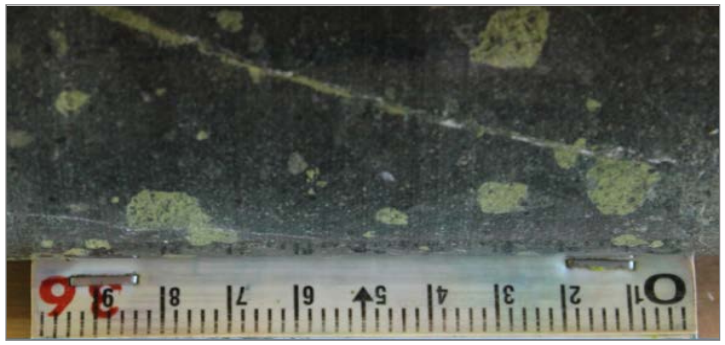
Potassic – Biotite-dominant

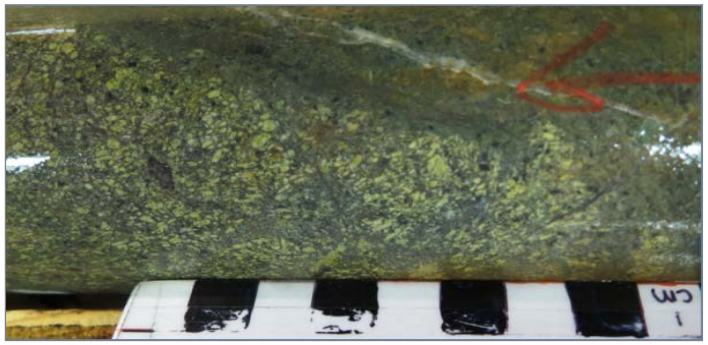


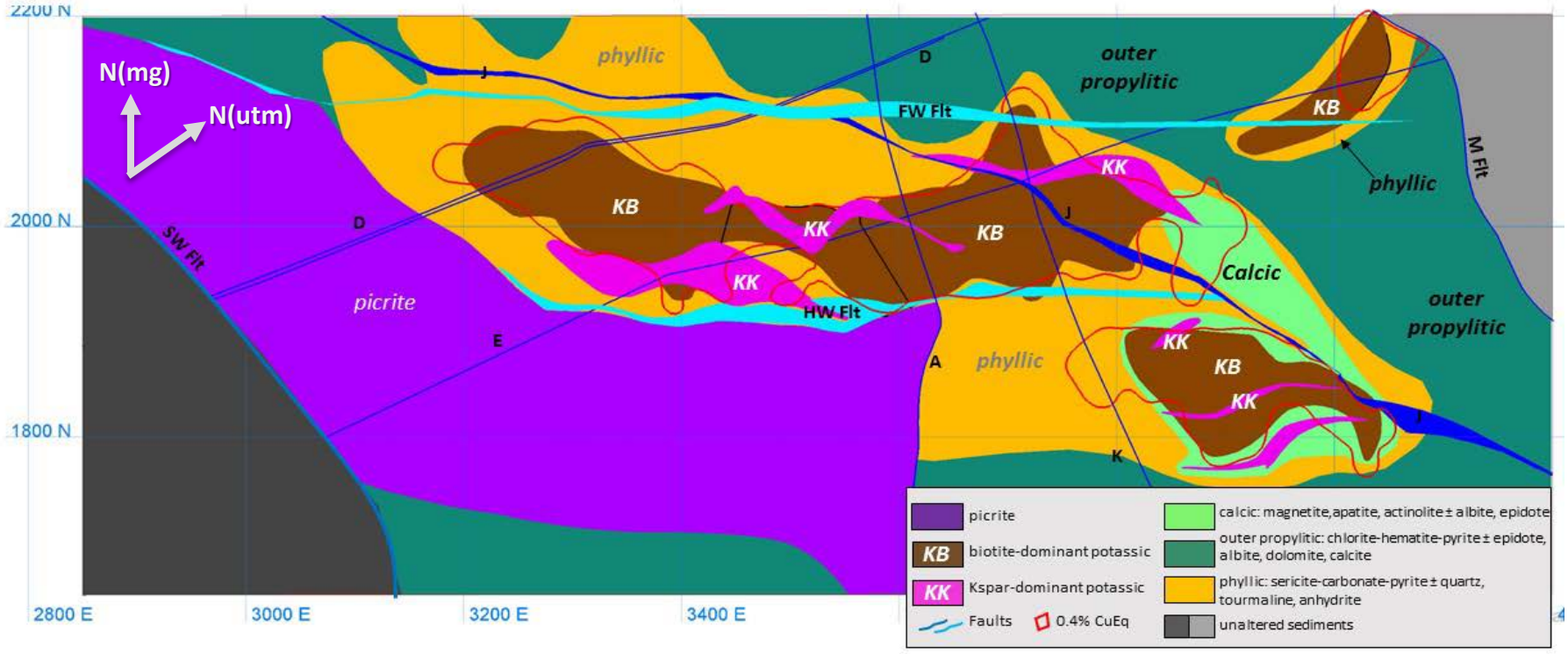


New Afton Alteration Model

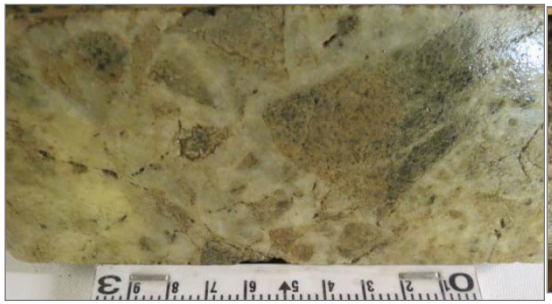
Propylitic – chlorite, calcite, epidote, hematite

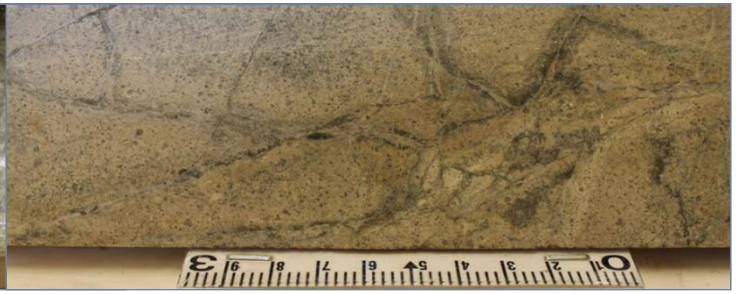


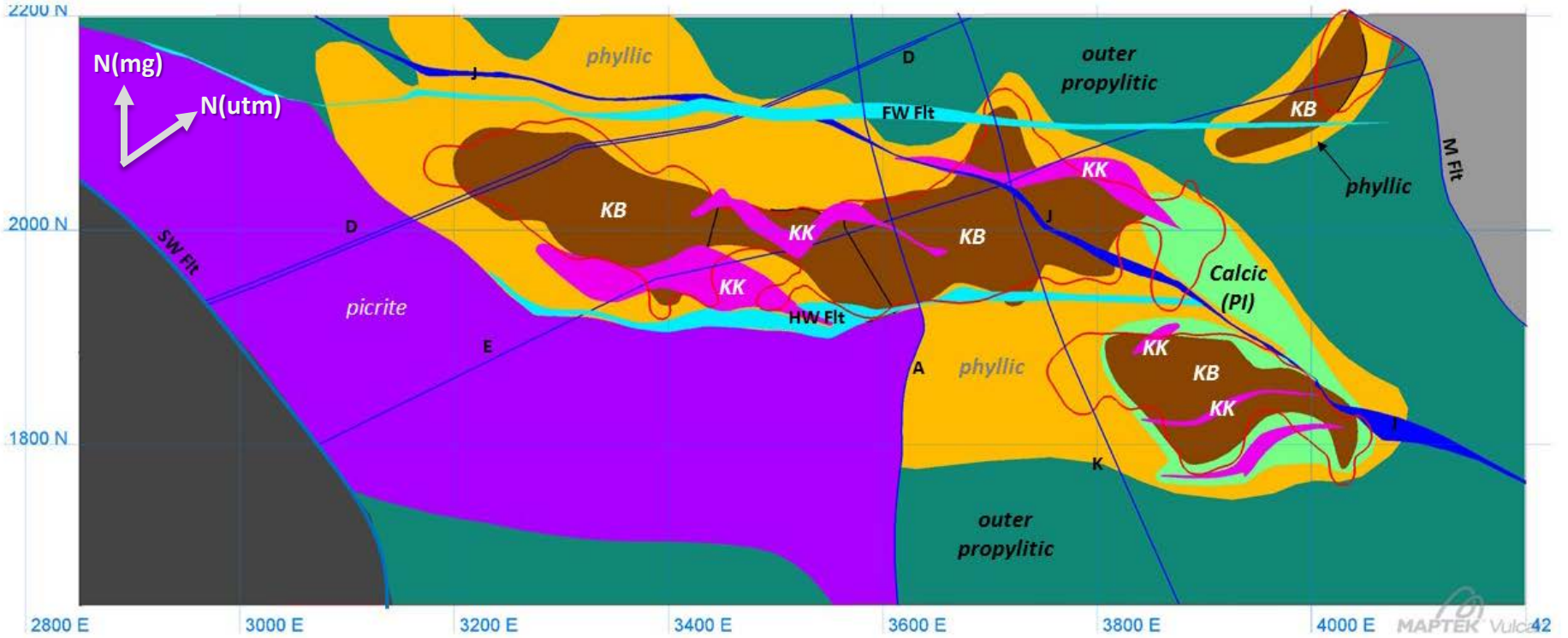




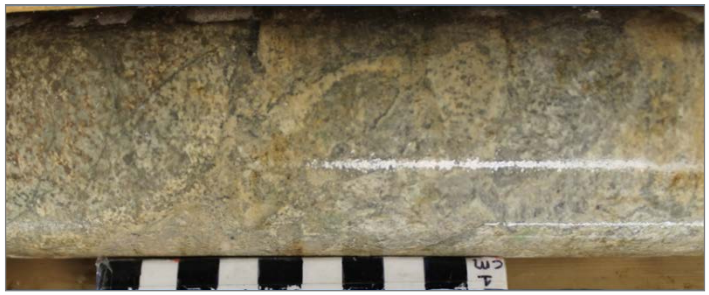
Phyllic – sericite, carbonate, pyrite, quartz ± tourm

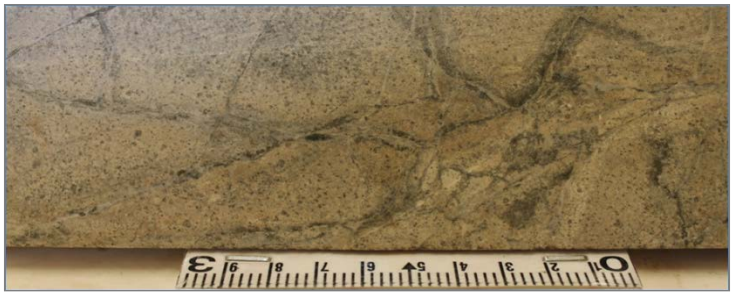


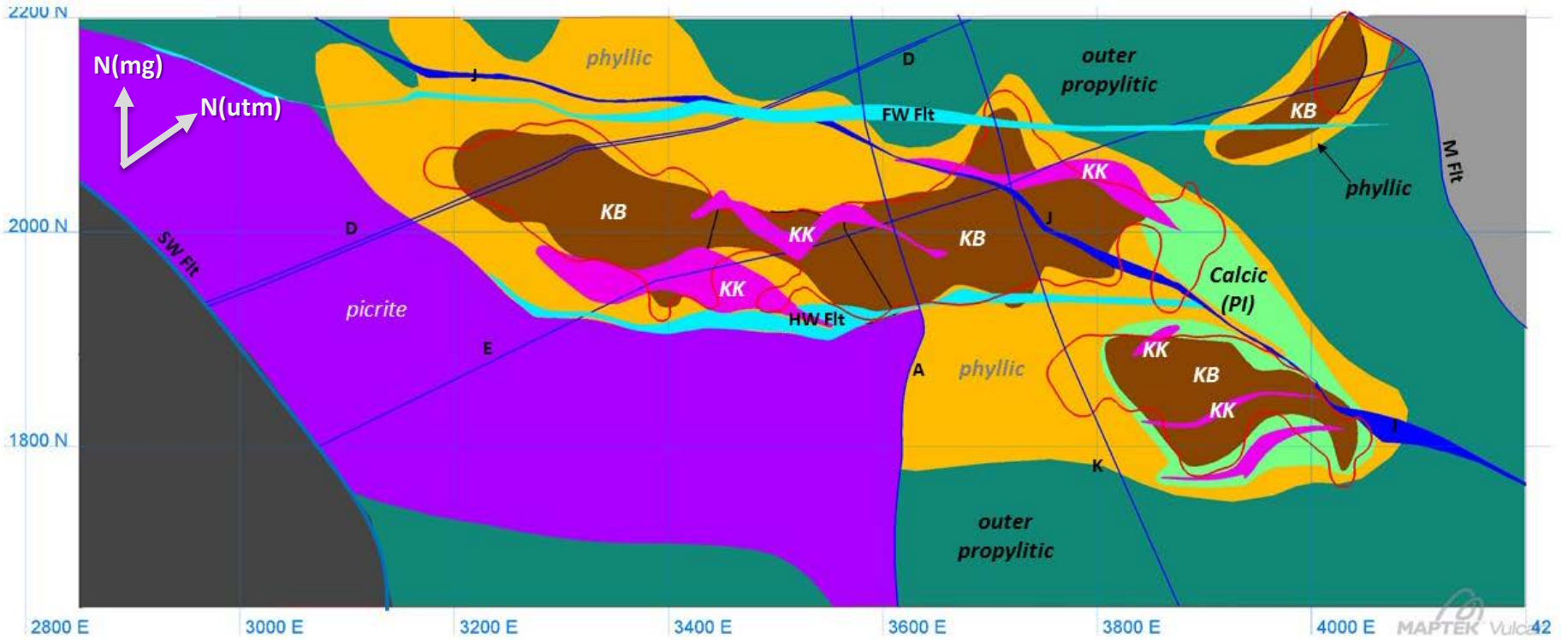




Argillic – kaolinite, carbonate, dickite quartz ± Cu sulfides - sulfosalts

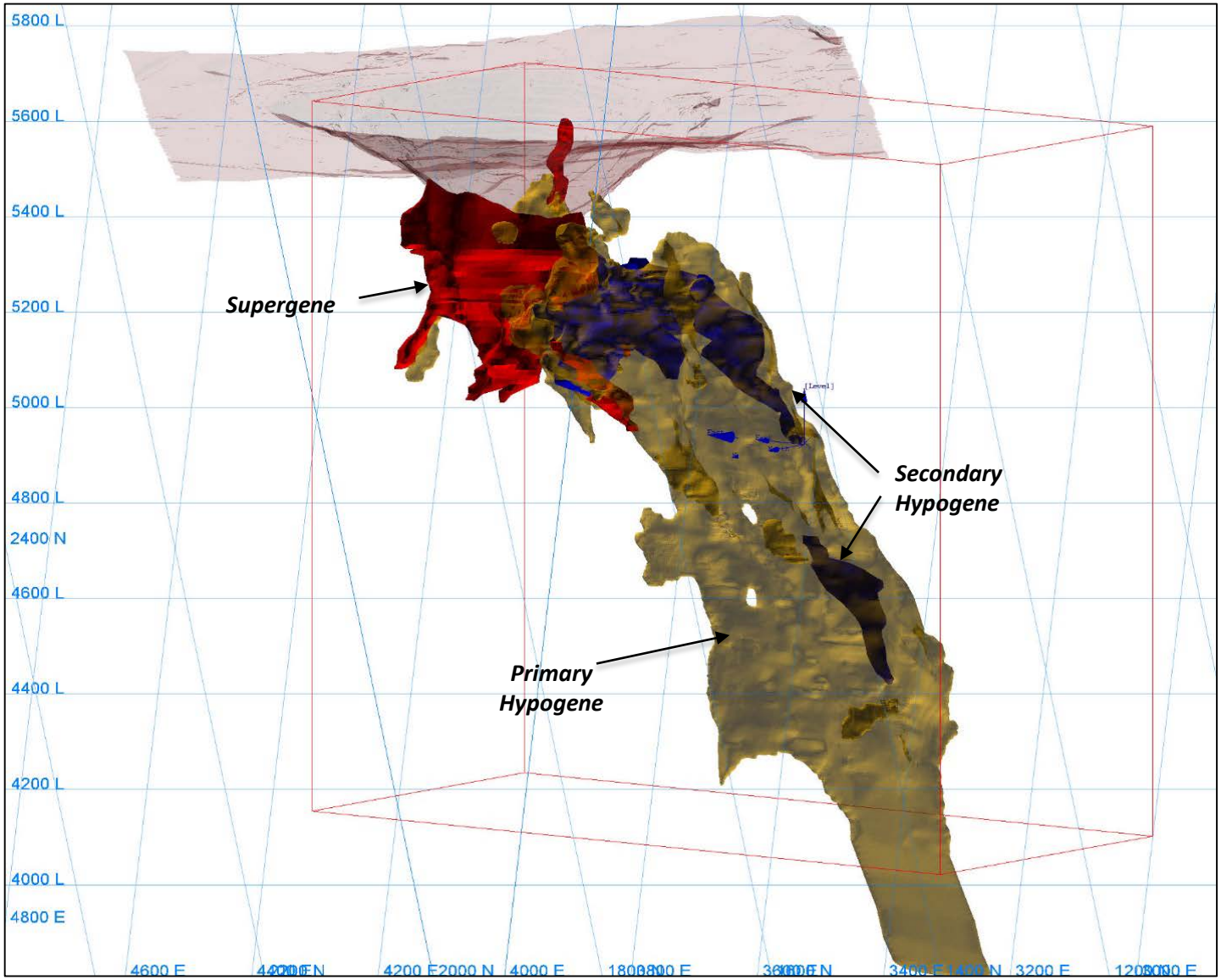




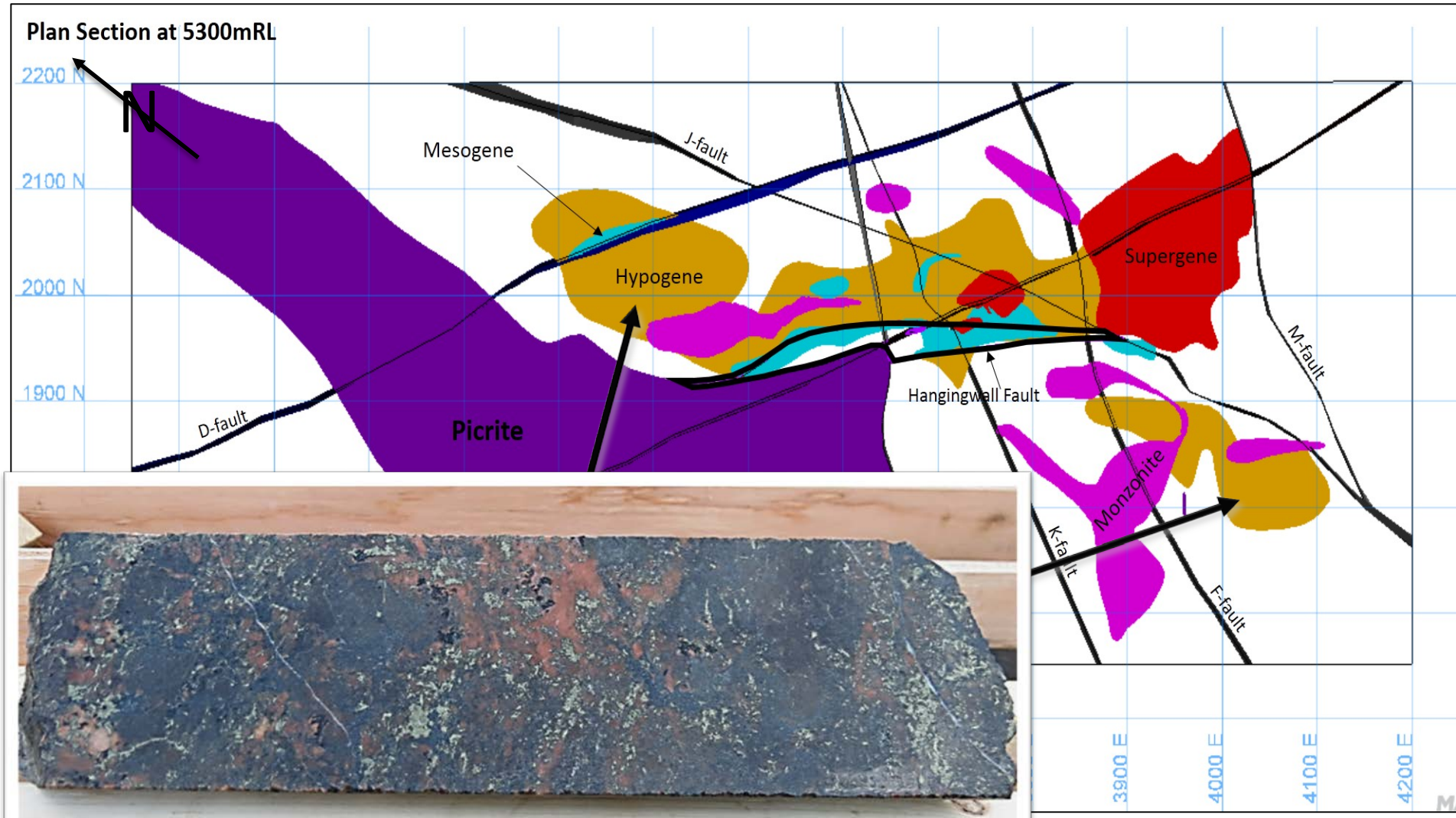


New Afton Mineralization

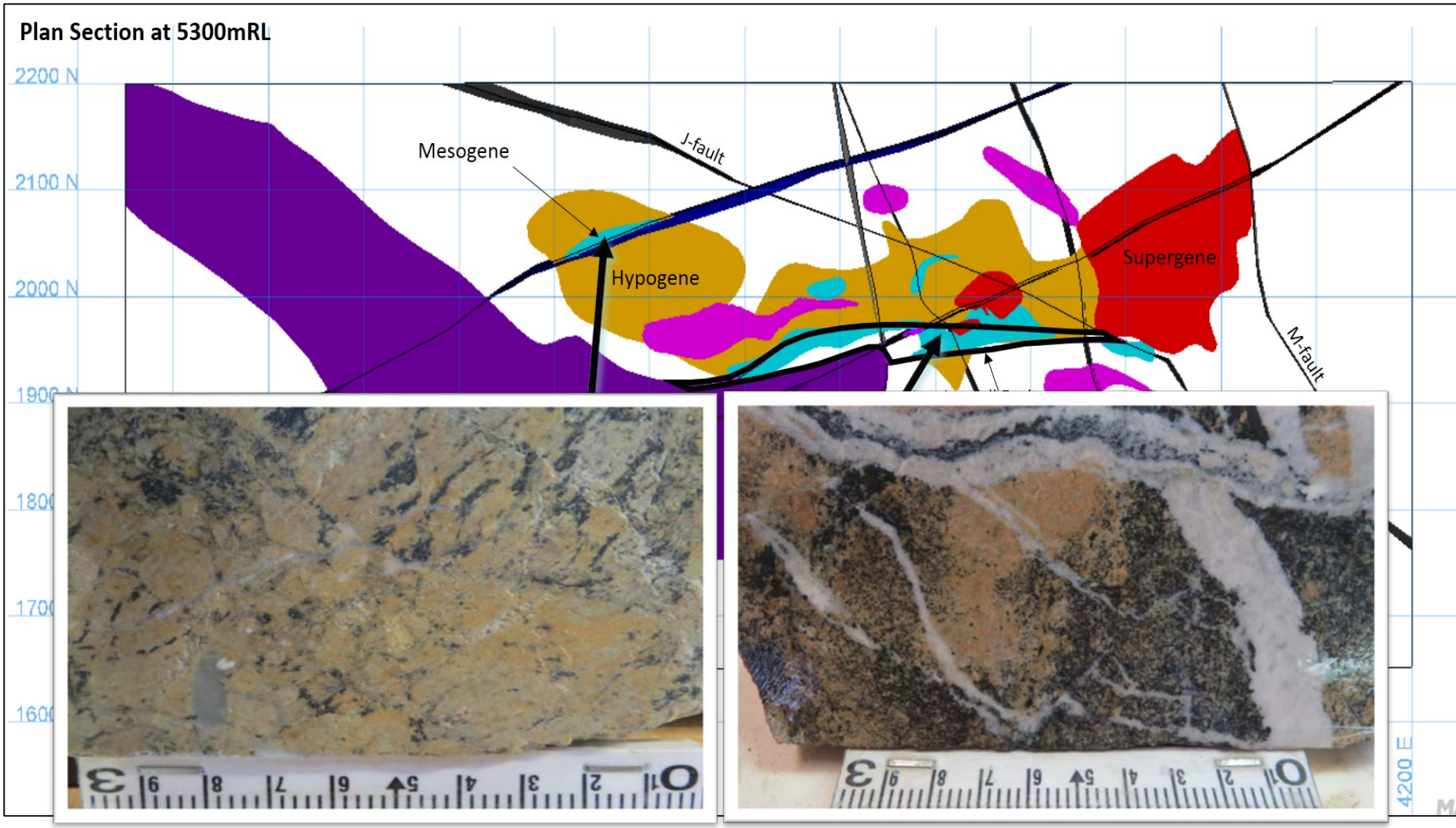
Ore Types -> Primary Hypogene, Secondary Hypogene, Supergene



Hypogene = Chalcopyrite ± Bornite

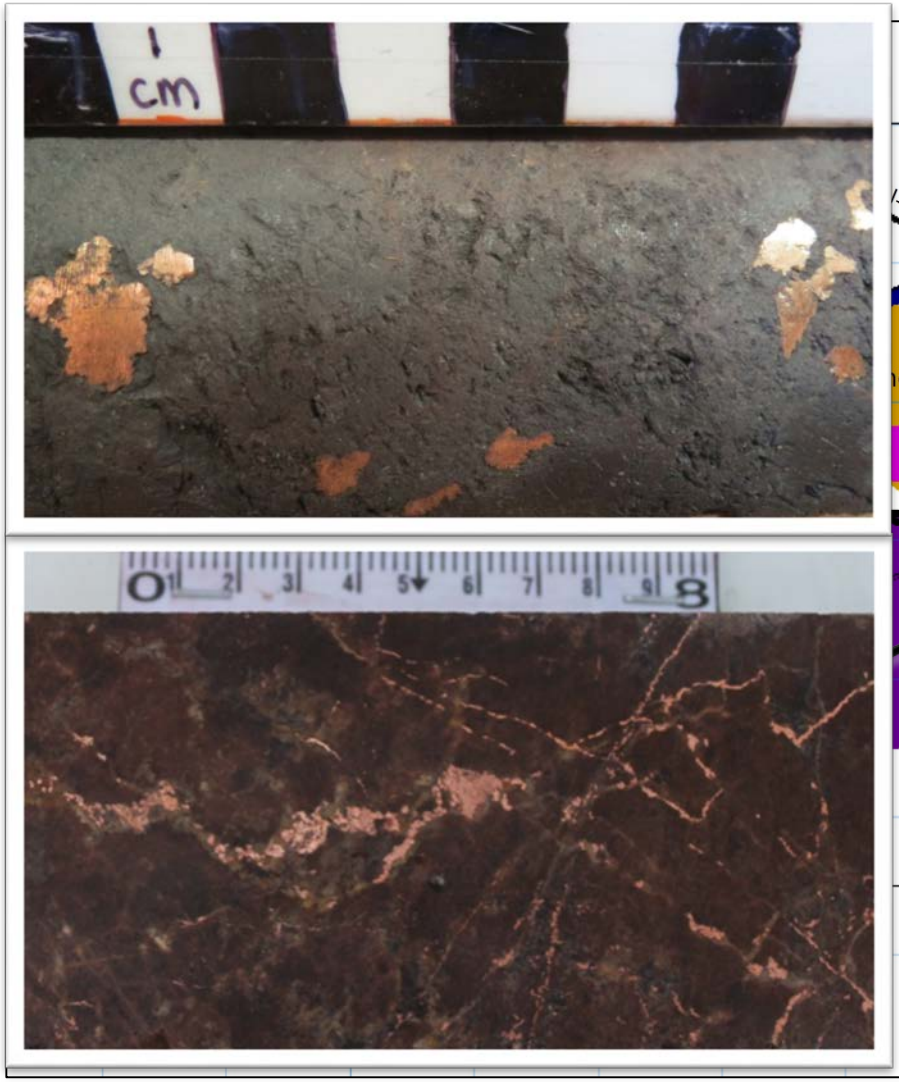


Secondary Hypogene = tennantite-tetrahedrite ± covellite, chalcocite

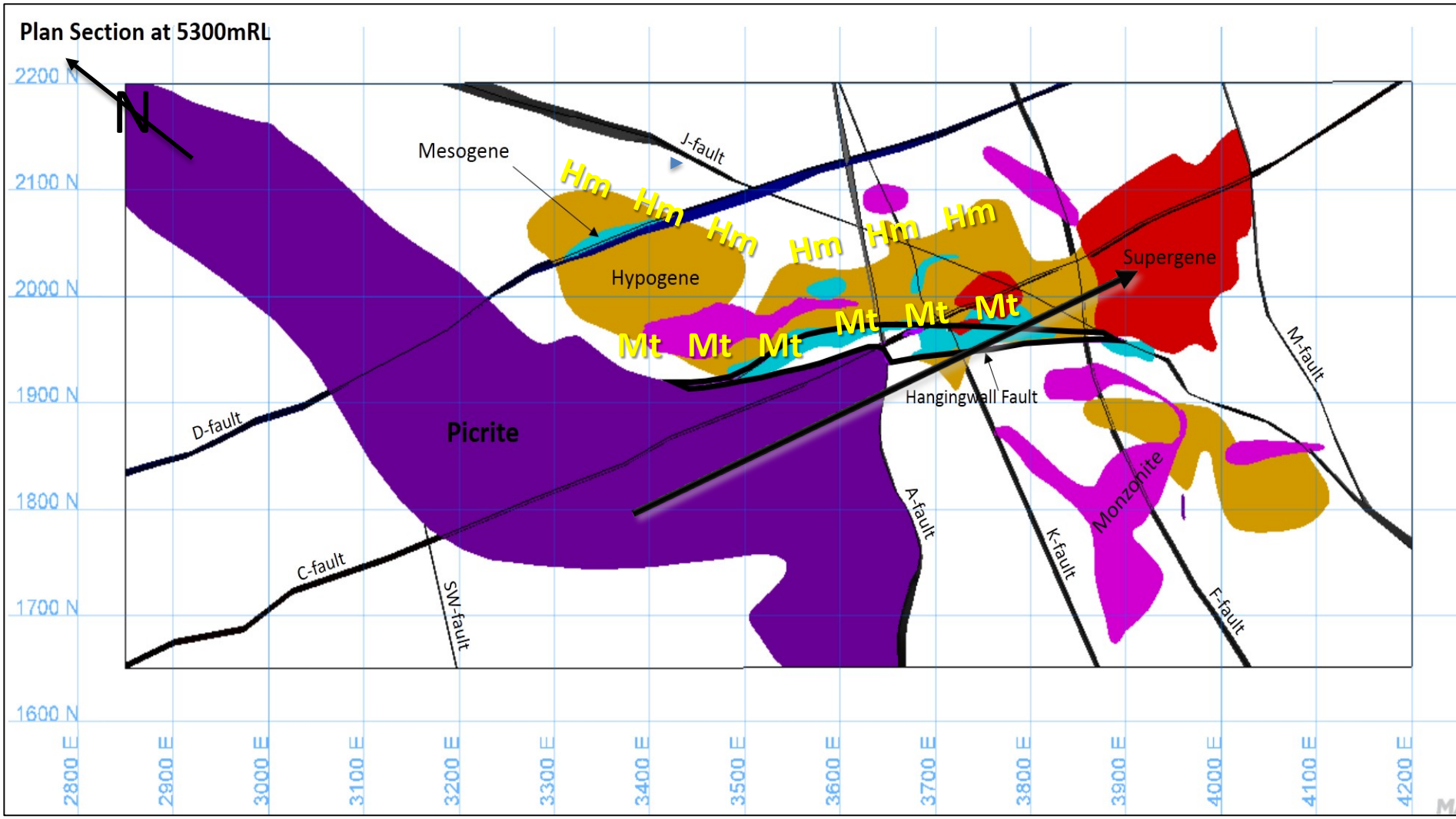


newgold

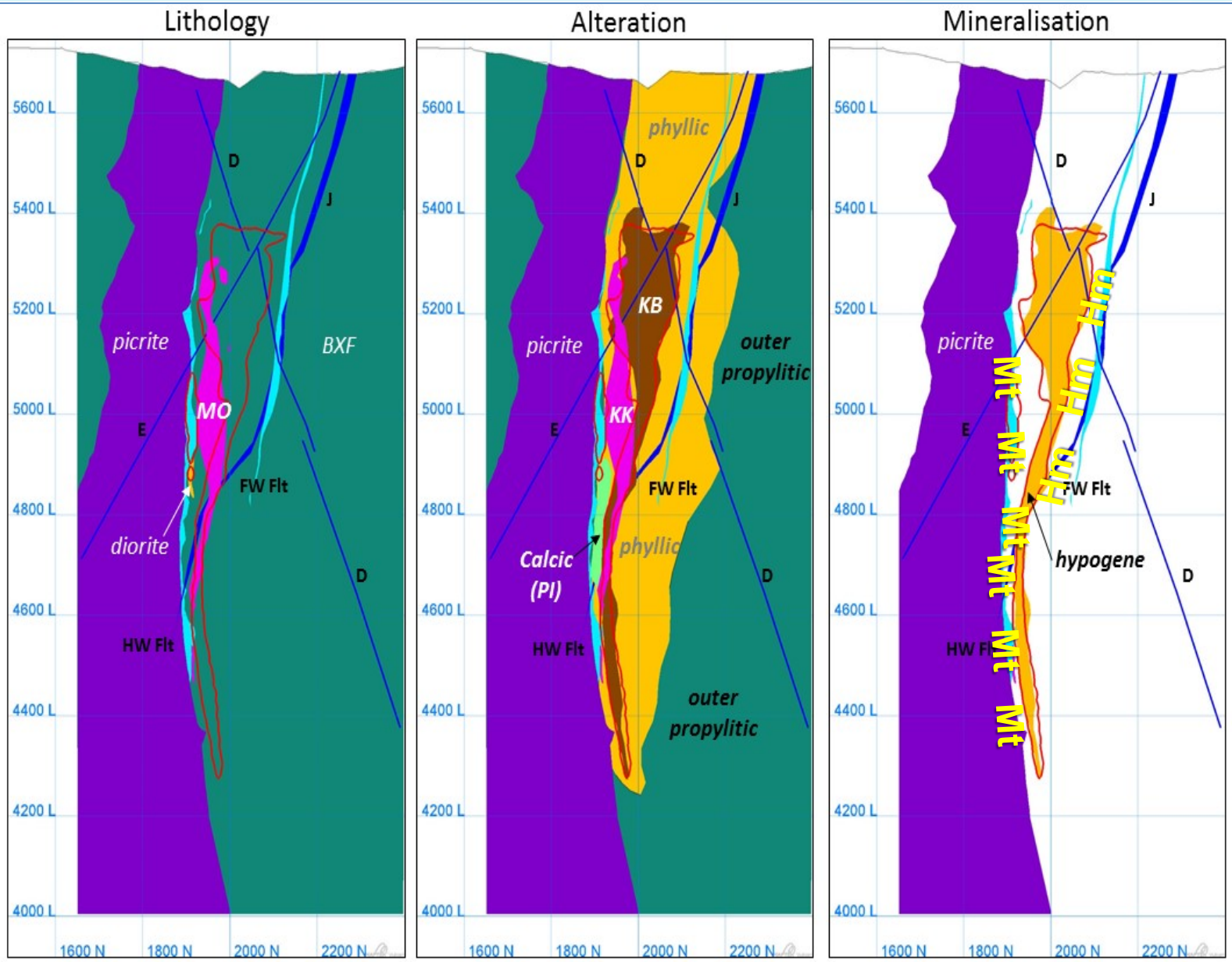
Supergene = Native Cu ± Chalcocite



Zonation of Iron oxides and sulfides

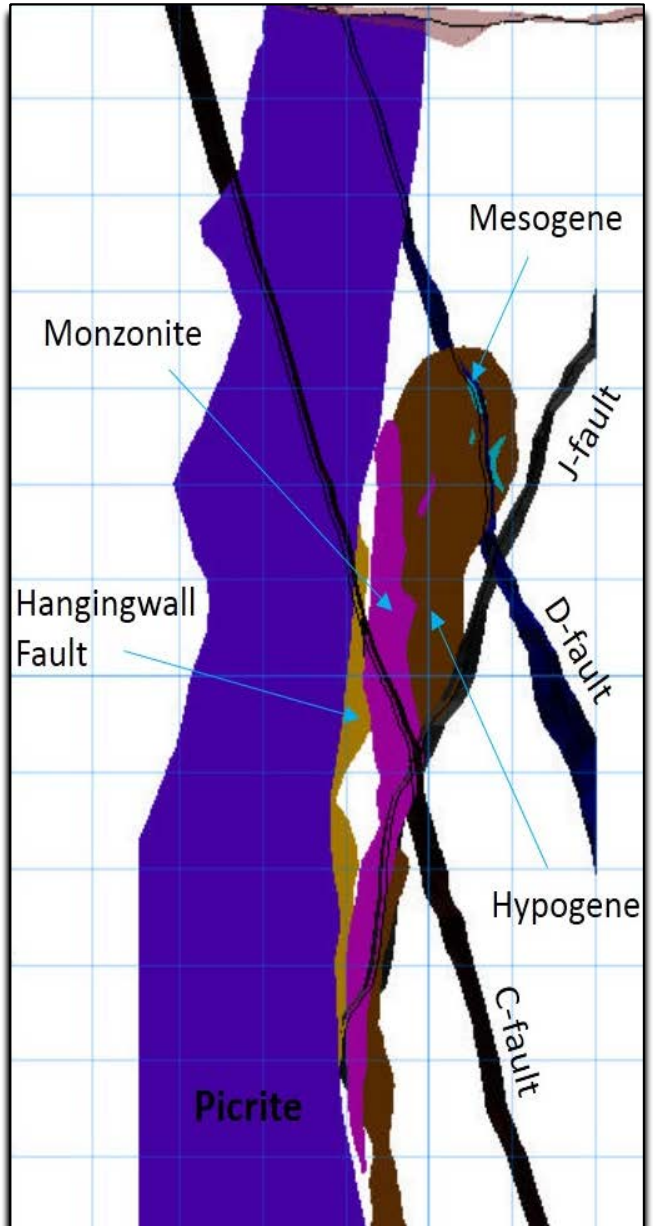


New Afton Geological Model – Schematic Section looking west

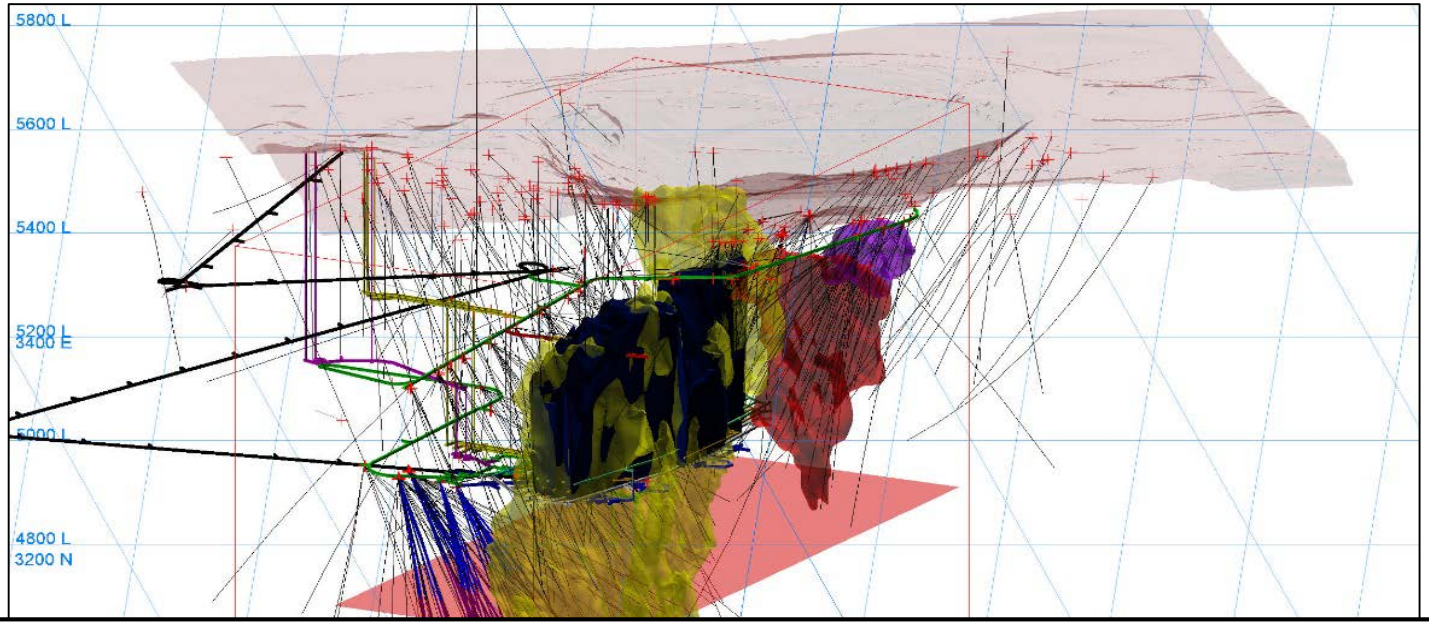


Concluding Remarks - Technical

- Mineralization associated with Cherry Creek monzonite phase of the Iron Mask Batholith
- Hosted predominantly in contact breccia of monzonite and Nicola volcanics
- Strong correlation between Au-Cu mineralization and biotite-bearing potassic alteration
- Alteration paragenesis at New Afton – sequence of inner Potassic/Calc-Potassic to outer propylitic assemblages overprinted by structurally-controlled phyllic alteration
- Limited space in structurally-controlled environment = higher grades



New Afton Mineral Reserve – December 31, 2015



Mineral Reserves estimate as at December 31, 2015

	Tonnes 000s	Metal grade Gold g/t	Silver g/t	Copper %	Contained metal Gold Koz	Silver Koz	Copper Mlbs
NEW AFTON							
A&B Zones							
Proven	-	-	-	-	-	-	-
Probable	36,510	0.55	2.4	0.85	646	2,765	681
C Zone							
Proven	-	-	-	-	-	-	-
Probable	25,040	0.72	1.8	0.78	583	1,447	430
Total New Afton P&P	**61,550**	**0.62**	**2.1**	**0.82**	**1,228**	**4,212**	**1,112**

New Afton Mineral Resource – December 31, 2015

Measured and Indicated Mineral Resource estimate (exclusive of Reserves) as at December 31, 2015

		Metal grade			Contained metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
NEW AFTON							
A&B zones							
Measured	16,940	0.69	2.1	0.87	377	1,134	325
Indicated	10,512	0.46	2.2	0.68	156	749	157
A&B Zone M&I	27,451	0.60	2.1	0.80	534	1,878	482
C-zone							
Measured	2,230	1.05	2.2	1.21	75	161	59
Indicated	15,462	0.79	2.2	0.96	392	1,075	326
C-zone M&I	17,693	0.82	2.2	0.99	467	1,226	386
HW Lens							
Measured	-	-	-	-	-	-	-
Indicated	10,560	0.51	2.1	0.44	174	703	102
HW Lens M&I	10,560	0.51	2.1	0.44	174	703	102
Total New Afton M&I	**55,704**	**0.66**	**2.1**	**0.79**	**1,175**	**3,809**	**971**

Inferred Resource estimate as at December 31, 2015

		Metal grade			Contained metal		
	Tonnes 000s	Gold g/t	Silver g/t	Copper %	Gold Koz	Silver Koz	Copper Mlbs
NEW AFTON							
A&B-zones	6,875	0.35	1.3	0.36	77	296	55
C-zone	6,856	0.48	1.5	0.54	106	328	87
HW Lens	969	0.69	1.5	0.46	21	45	10
Total New Afton Inferred	**14,702**	**0.43**	**1.4**	**0.45**	**205**	**672**	**145**

New Afton C-zone – Feasibility study economics

C-zone: Project Economics

Gold price	($/oz)	$1,200
Copper price	($/lb)	$2.75
CDN/USD	($)	$1.25

		2015 Scoping Study	2016 Feasibility Study
After-tax 5% NPV	($mm)	68	84
After-tax IRR	(%)	9.7	10.3
After-tax Payback	(years)	3.4	3.4

C-zone: Key Sensitivities

$0.25 per pound change in copper price ~$34 million in after-tax NPV and 1.9% change in IRR

$0.05 change in exchange rate ~$24 million in after-tax NPV and 1.5% change in IRR

$100 per ounce change in gold price ~$18 million in after-tax NPV and 1.0% change in IRR

Based on the feasibility study, during the years of full production, average annual pre-tax cash flow of **~$200 million**

New Afton C-zone – Scoping study versus feasibility study

- The below table compares the 2015 scoping study to the current feasibility study results

C-zone: Scoping Study versus Feasibility Study[1]

		2015 Scoping Study	2016 Feasibility Study
Total tonnes mined/processed	(Mt)	21.5	25.0
Average gold grade	(g/t)	0.76	0.72
Average copper grade	(%)	0.80	0.78
Contained metal – Gold	(Koz)	522	583
Contained metal – Copper	(Mlbs)	377	430
Mine life	(years)	5	5.5
Average full-year gold production	(Koz)	107	108
Average full-year copper production	(Mlbs)	77	81
Development capital	($mm)	349	402
Sustaining capital	($mm)	110	107
Average operating cost	($/t)	19.24	19.35

16% increase in ore tonnes

12% increase in contained gold

14% increase in contained copper

Increase primarily driven by the inclusion of a $41 million provision for capital escalation given six year development timeline

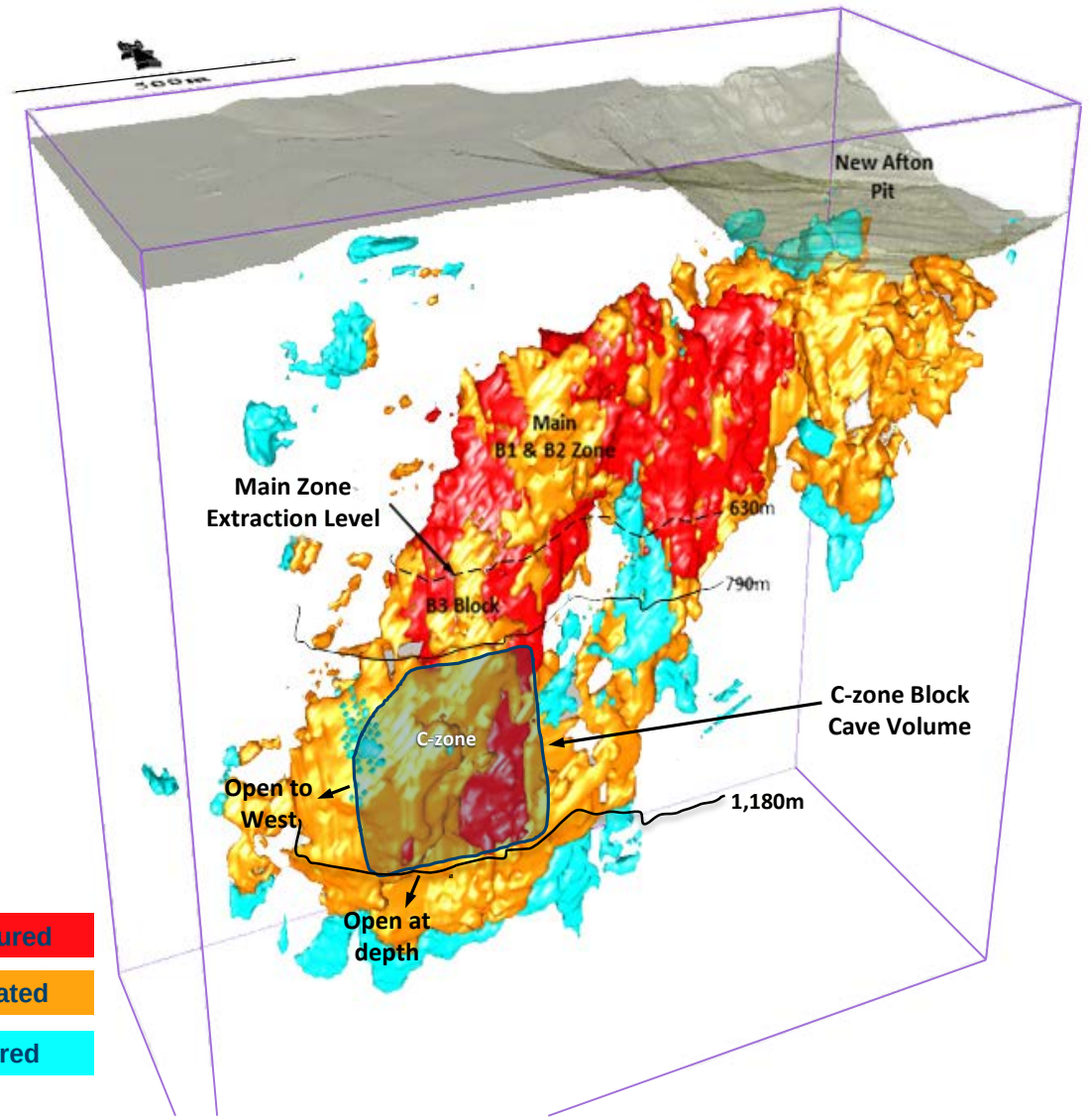
1. CDN/USD exchange rate of $1.25.

2016 exploration program overview (cont'd)

2016 Program

New Afton

- Test potential to extend C-zone block cave resource to west
- Underground and surface reconnaissance drilling to test newly identified satellite targets
- 10,000 metre drill program



Acknowledgements