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## PRESS RELEASE

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### ***New Gold Clarifies Recent Misinformation Regarding its Cerro San Pedro Mine***

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November 2, 2009 – VANCOUVER, BC – New Gold Inc. (“**New Gold**”) (TSX and NYSE AMEX – NGD) confirms that all permits, licenses, concessions or authorizations that are required to operate its Cerro San Pedro Mine are valid and in force.

New Gold has filed an appeal to a recent decision of the Federal Court of Fiscal and Administrative Justice in Mexico pertaining to the process by which the Environmental Impact Statement (“EIS”) for the Cerro San Pedro Mine was approved in 1999. Over the last ten years a small group opposed to the mine has conducted an ongoing series of challenges, appeals and counter appeals related to the EIS approval process. This latest decision does not affect Cerro San Pedro’s other permits, including its operating permit or its ability to conduct business.

“New Gold is a welcome member of the Cerro de San Pedro community and has demonstrated its commitment to corporate social responsibility through meaningful support to our schools, health services and infrastructure improvement,” stated Mr. Santos Loredó Tenorio, President of the Cerro de San Pedro Municipality. “The company’s contribution to sustainable community development and our future is greatly appreciated.”

Robert Gallagher, President and CEO of New Gold stated: “We are committed to operating in a socially responsible and sustainable manner in all the regions where we operate. New Gold is confident that all legal requirements related to its Cerro San Pedro Mine are being achieved or exceeded and that ongoing legal activities do not impact the continued operation of the mine.”

New Gold’s Cerro San Pedro Mine has had excellent operational performance in 2009 and has an enviable record of meeting its environmental and social responsibilities. The operation achieved ISO 140001 certification of its Environmental Management System to ensure globally recognized standards are achieved and routine third party monitoring and reporting is performed in accordance with the ISO requirements.

#### **About New Gold**

New Gold is an intermediate gold mining company with three operating assets; the Mesquite Mine in the United States, Cerro San Pedro Mine in Mexico and Peak Mines in Australia. The company is expected to produce between 270,000 and 300,000 ounces of gold in 2009 for the period of ownership, growing to over 400,000 ounces in 2012. In addition, New Gold has a strong portfolio of mining, development and exploration assets in mining friendly jurisdictions. For further information on the company, please visit [.newgold.com](http://newgold.com).

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain information contained in this press release, including any information relating to New Gold's future financial or operating performance may be deemed "forward looking". All statements in this press release, 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 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: New Gold's anticipated synergies from the business combination with Western Goldfields Inc. may not be realized; there may be difficulties in integrating the operations and personnel of New Gold; significant capital requirements; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States, Australia, Brazil, 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, Brazil, 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 necessary licenses and permits; 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 31, 2009 and Management Information Circular filed on April 15, 2009, both available at [www.sedar.com](http://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 press release 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.

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