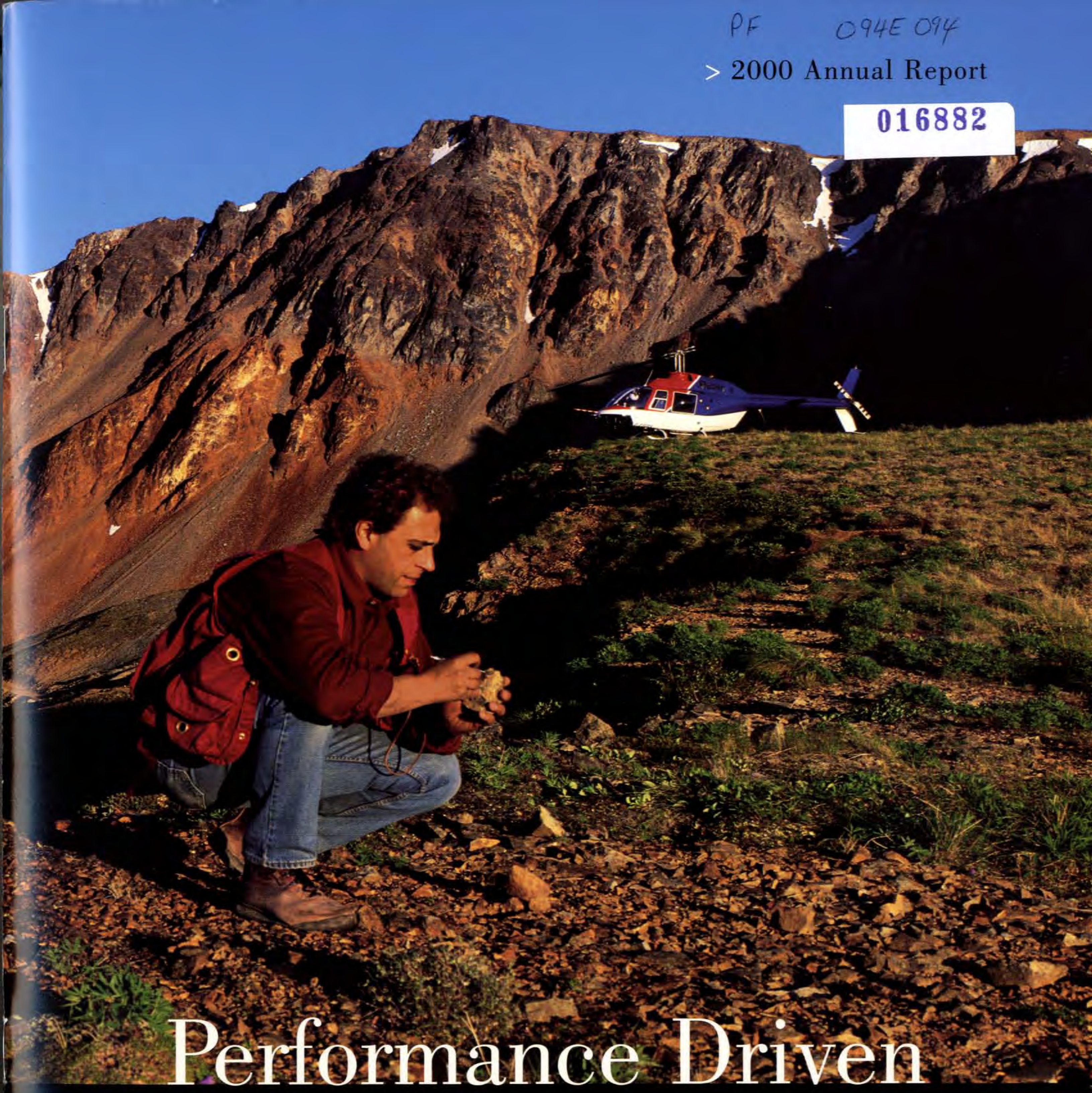
> 2000 Annual Report



Performance Driven

Northgate Exploration Limited

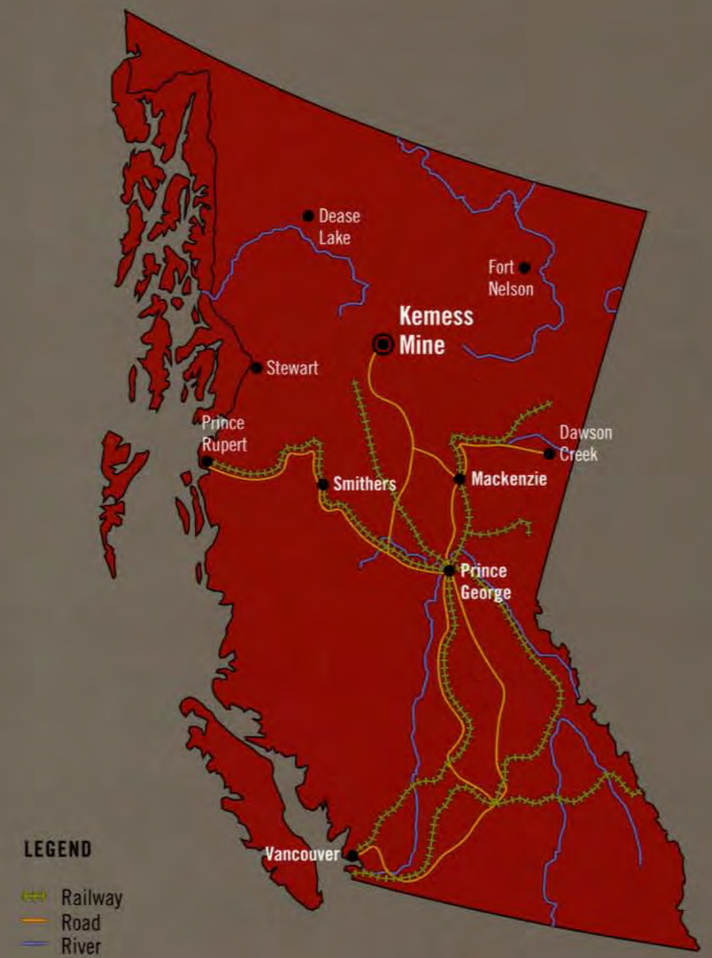
OUR COMPANY

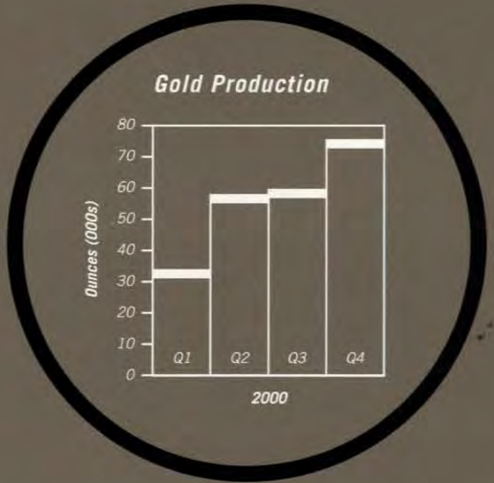
> Northgate is a mid-tier gold mining company with investments in North and South America. Northgate's premier asset, the Kemess Mine, will produce an average of 260,000 ounces of gold and 74 million pounds of copper annually over its mine life. Excellent potential exists to add additional reserves and extend production.

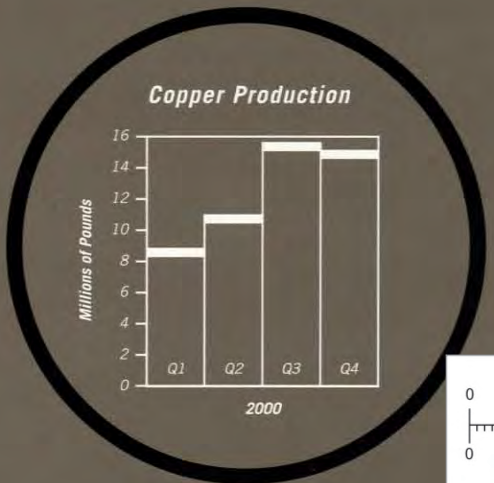
CONTENTS

OUR STRATEGY

> Improve productivity and reduce operating costs • Maintain one of the lowest cash costs of production in the gold mining industry • Increase cash flow and production
> Expand low-cost reserves • Acquire underperforming operations at attractive valuations and bring performance-driven management to bear • Identify additional opportunities to acquire, finance or develop mineral deposits at returns greater than 15%
> Employ sound risk management practices • Finance long-term assets with an appropriate equity base • Utilize a conservative hedging strategy to mitigate the impact of metal price, exchange rate and interest rate fluctuations • Adhere to strict compliance with health, safety and environment standards







OUR ACHIEVEMENTS

Higher Equipment Performance

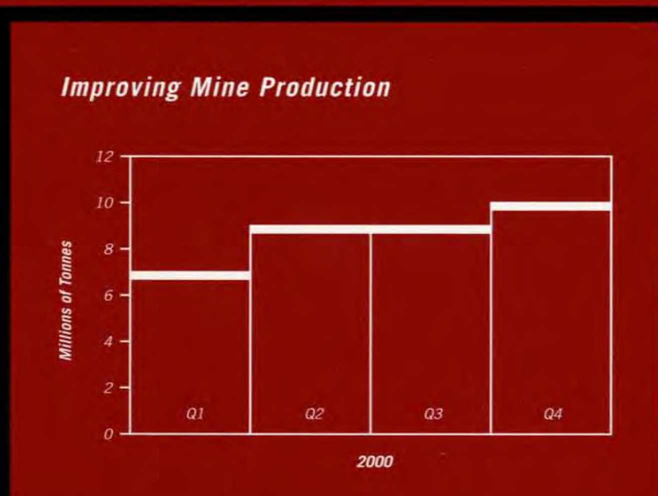
- At Kemess, the implementation of industry-leading maintenance planning and procedures improved the availability of the mine truck haulage fleet and the mill facility.
- During 2000, the Euclid haulage fleet, the pit loading shovels and the mill all demonstrated that the Corporation's productivity targets are achievable.

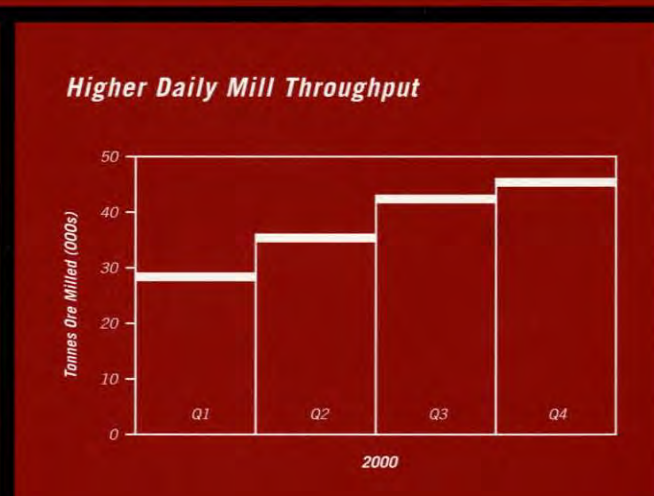
Process Enhancements

- A significant capital program, which provided immediate returns from the projects undertaken, was initiated in 2000 at Kemess.
- Major projects included the installation of a concentrate thickener and rebuilding the two filter presses ($3.2 million); the acquisition and commissioning of four new Euclid haulage trucks ($11 million); retrofitting the water reclaim system at the tailings dam ($1.8 million); the acquisition of a D10R dozer for earth moving ($1.3 million); and upgrading site-wide management information systems ($0.9 million).

Lower Material Handling Costs

- Unlike many gold mines, production from Kemess is in the form of a bulk concentrate. The Mine's remote location in north-central British Columbia requires the concentrate to be transported via several modes of transportation, including truck, rail and ocean vessel, at a cost of over $15 million annually.
- During 2000, Kemess eliminated the use of three-tonne bags for the truck haul from the minesite to the railhead at Mackenzie. The conversion from bags to bulk will save $3.8 million per year.





Exploration Success

- Northgate has a large land position of 77,000 acres surrounding the Kemess Mine, hosting several promising exploration targets.
- Exploration drilling during 2000 at Kemess North substantially increased the property's mineral inventory with the discovery of a higher-grade copper porphyry dome at the core of the previously known mineralization. Kemess North is estimated to contain 3.5 million ounces of gold and 1.2 billion pounds of copper.
- These results have led to the commissioning of a scoping study to determine the broad economic development parameters for Kemess North.

Met Environmental Targets

- Northgate is committed to maintaining strict compliance with environmental standards.
- Despite a long mine life, reclamation is an ongoing activity at the Kemess minesite and is designed to return disturbed land to its natural state. Monitoring the impact of current mining operations on the environment includes routine testing of water, waste rock and tailings.
- Under Northgate management, the tailings impoundment facility has been brought back on schedule and into full compliance. Construction is continuously monitored by outside consultants to ensure quality control. An independent review panel including expert consultants and government regulators meets regularly with management to discuss progress.

Improved Safety Record

- The introduction of a new safety program with committed leadership from management and the endorsement of our employees led to a 50% improvement in the safety record in 2000. There have been no lost time accidents in the first quarter of 2001. Northgate's objective is to have the best safety record for open pit mines in British Columbia.

OUR OBJECTIVES FOR 2001

> Continue to lower the cash costs of production > Expand the low-cost reserve base through exploration > Reduce debt and position the Corporation for growth > Capitalize on opportunities to create value

OUR MESSAGE TO SHAREHOLDERS

During 2000, Northgate was transformed into a mid-tier gold mining company with the acquisition of a 95% interest in the Kemess Mine – a 260,000 ounce per year gold mine in northern British Columbia.

> We acquired our interest in the Kemess Mine for approximately US$180 million, the equivalent of US$44 per ounce of mineable reserves, a price which was less than half the industry average for similar transactions. During our evaluation of the opportunity, we considered the critical success factors related to running a large, low-grade, open pit mine like Kemess. These were: achieving consistent throughput at the design capacity of 48,000 tonnes of ore per day; and realizing the expected metal recoveries for gold and copper. It was clear that reaching the design capacity would require high equipment and plant availabilities which could only be achieved through industry-leading maintenance programs. To realize the optimum gold and copper recoveries from our milling process, we would have to understand the mineralogy of the various ore types at Kemess and the capabilities of the plant. However, neither of these two objectives would be achieved without top-notch people right from the outset and we are fortunate to have recruited an excellent management team with particular expertise in mine maintenance and mineral processing.

> At the beginning of 2000, we put in place an ambitious plan to improve operations and achieve our throughput and recovery objectives. The results have been dramatic and have clearly validated our investment decision to acquire Kemess. A priority for the mining team was to improve performance in the open pit. The initial start-up of the project took place during the insolvency of its previous owner and a lack of working capital had a negative impact on maintenance planning and the availability of the loading and haulage fleet. To address this challenge, our team acquired additional haulage capacity to meet the immediate mining requirements of the operation. During the first half of the year, four new haulage trucks were commissioned. This brought the existing fleet to 11 and despite a challenging northern environment, the availability of the entire fleet was improved to 85%, reflecting the industry benchmark.

> Modifications to the mill process were also engineered and implemented to improve both availability and recoveries. By June, a conventional thickener circuit had been installed to replace the existing unit and an overhaul of the two concentrate filters was completed. We also commissioned an on-stream analyzer so that an instantaneous flow of assay data would be available for the mill operators. This was vital for managing the entire process and

At the beginning of 2000, we put in place an ambitious plan to improve operations. The results have been dramatic and have clearly validated our investment decision.

> **Ken Stowe**, President

>> **Terry Lyons**, Chairman

improving both metal recoveries and concentrate quality. Improved results were clearly achieved by year-end.

> In conjunction with signing a new concentrate trucking contract, the conversion to a bulk handling system was made in the fall. Prior to this, concentrate was shipped to the railhead at Mackenzie, B.C. in three-tonne bags. The annual savings created from this conversion are considerable, approximately $3.8 million annually over the remaining life of the mine.

> We are particularly proud of our accomplishments in the area of safety and environmental management. The introduction of industry standard safety programs has been successful in raising awareness, improving work practices and increasing productivity. The result has been a 50% improvement in our safety record in 2000 over that of 1999. Our objective is to continue this positive trend and be the safest open pit mine in the Province of British Columbia.

> Several environmental programs were either substantially advanced or completed during the year. These included further progress toward the deactivation of the 380-kilometre power-line corridor connecting Kemess to the B.C. Hydro grid; ongoing mine-site revegetation; and fisheries monitoring. A major project completed during last year was the insertion of a polyethylene lining in the entire length of a five-kilometre buried pipeline which diverts a watercourse around the mining property. This corrected some poor quality galvanizing in the original pipeline.

> We continued to evaluate the economic potential of the Kemess North deposit where, over the course of the year, we added four times the mineral inventory that was previously identified. The indicated grade is lower than at Kemess South but we are hopeful that, with the existing infrastructure, we could be shipping ore to the mill from Kemess North at the end of the current mine life.

> In terms of total production, Kemess produced 226,000 ounces of gold and 50 million pounds of copper in 2000. Cash operating costs in the fourth quarter were US$177 per ounce and an average of US$248 per ounce for the year, net of by-product credits. Operating costs were unacceptably high in the first half of 2000 until our performance-driven programs previously described were completed.

> During the year, the long-term mine plan was re-optimized using current productivities and operating cost assumptions. The life-of-mine average annual production is now forecast to be 260,000 ounces of gold and 74 million pounds of copper at a cash operating cost of less than US$150 per ounce, net of by-product credits. The forecast for 2001 is for production to be approximately 257,000 ounces of gold and 70 million pounds of copper.

> While we accomplished a great deal at the Kemess Mine, we did not complete the refinancing of our acquisition debt as we had hoped. We expect to complete this shortly, on terms that reflect the operational improvements achieved at Kemess during 2000. The ability to defer the necessary refinancing of the balance sheet reflects the support that we continue to receive from our lender and principal shareholder, Trilon Financial Corporation.

FINANCIAL RESULTS

The Corporation recorded a consolidated net loss of $30.1 million or $0.99 per share compared with consolidated net income of $2.9 million or $0.10 per share in 1999. We are disappointed in the financial results for the year which reflect the delays in refinancing and the time it took to improve operations at Kemess. These results, however, do not reflect the value created from eliminating operating risk at the project nor do they reflect the mine's future cash-generating potential. The loss in 2000 is the result of interest expense and currency translation losses primarily relating to the acquisition financing incurred by the Corporation and low commodity prices experienced during the year.

Kemess produced 226,000 ounces of gold and 50 million pounds of copper in 2000. Cash operating costs in the fourth quarter were US$177 per ounce, net of by-product credits.

MARKET REVIEW

Gold prices on the London Bullion Market ranged between US$264 and US$312, averaging US$279 per ounce during 2000, within a dollar of the average during 1999. The sentiment toward gold turned bearish in 2000 as a result of central bank sales during the year and flat fabricating demand. Should the economy in the United States continue to weaken in 2001, the US dollar will likely come under downward pressure against other major currencies and many market analysts believe that the gold price in US dollar terms has the potential to improve as a result.

> Copper prices averaged US$0.82 per pound during 2000. Year-over-year growth in global copper consumption was estimated to be 4% and all market areas, with the exception of Japan, experienced strong demand well into the second half of the year. A deficit position in copper is forecast to continue into 2001 and while some slowing of demand growth is anticipated, there are no major new mining projects slated for commercial production this year. We are looking for improvements in the copper price in 2001.

OBJECTIVES AND OUTLOOK

The Corporation's future remains bright and promising as we feel we have many opportunities to create additional value for our shareholders. Our strong and proven management team will continue to focus on the value enhancement program at Kemess in order that we achieve the lowest possible operating costs from our assets. We are also extremely well positioned to benefit from improvements in the gold and copper markets.

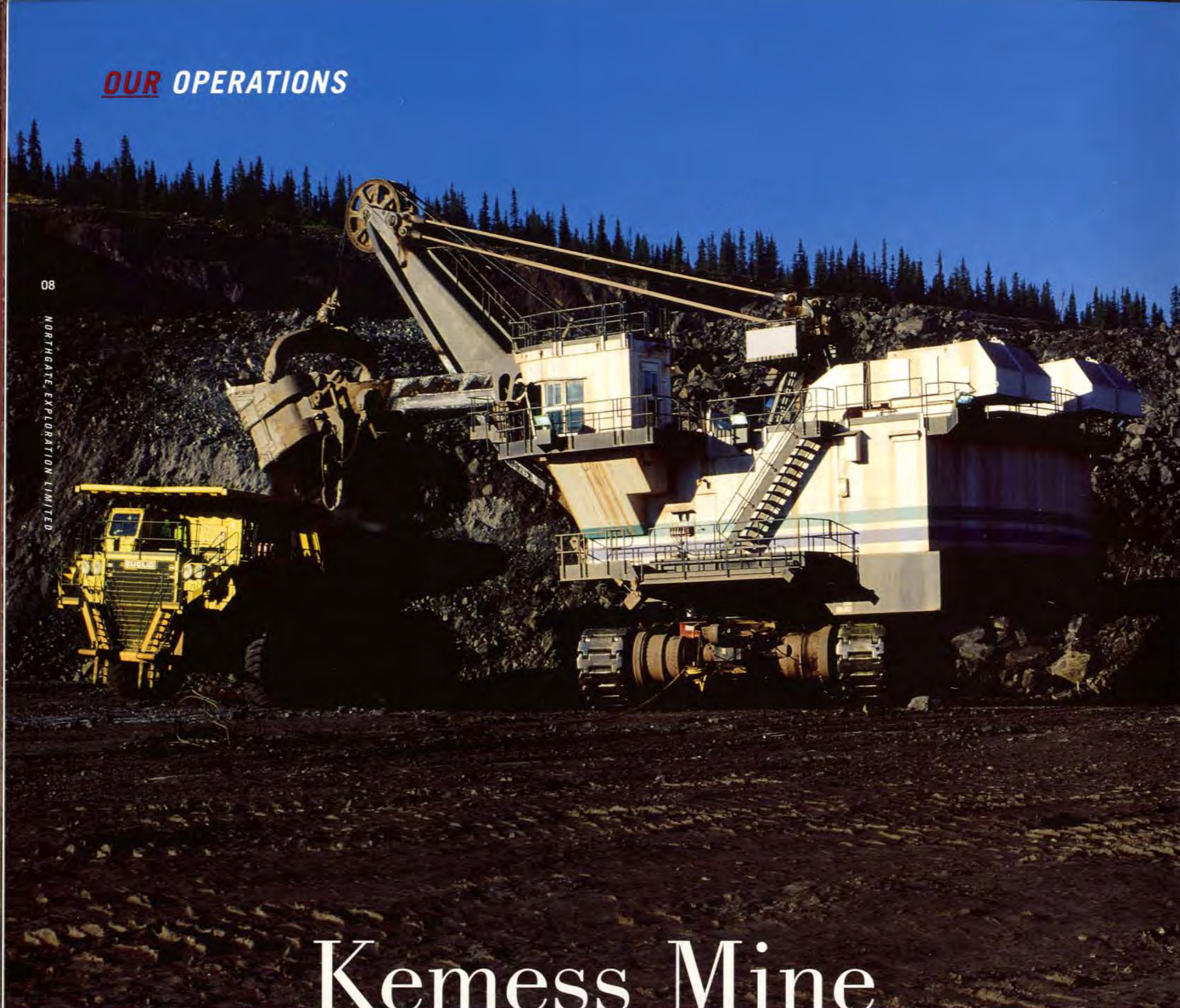
> A number of initiatives are already being pursued to further reduce operating costs and to decrease capital expenditures over the mine life. Opportunities for cost reduction have been identified in the areas of tailings pumping, power consumption and mobile equipment maintenance. The tailings impoundment dam is the largest long-term capital project at Kemess and management has been focused on identifying ways to reduce this cost.

> The land package surrounding the mine is a highly prospective area for porphyry gold and copper deposits similar to Kemess. A multi-discipline technical group is going to produce a preliminary economic evaluation of the Kemess North deposit and, if justified, conduct additional drilling to define reserves.

> On behalf of the Board, we would like to express our appreciation to our employees at Kemess whose efforts have made a significant impact on the results at the mine. As well, the continued support of our shareholders has been exceptional.

Terry A. Lyons
Chairman
March 5, 2001

Ken G. Stowe
President



Kemess Mine

The Kemess mining and milling complex is located in the mountains of north-central British Columbia at an elevation of 1,350 metres. The complex consists of the Kemess South open pit mine, and a 48,000 mt per day milling and flotation plant with an associated tailings impoundment facility.

> The year 2000 was one of steady improvement in all aspects of the Kemess operation, culminating in fourth quarter results which clearly demonstrated that the existing mining and milling infrastructure was capable of performing at design throughput and recoveries. Kemess' total metal production for the year was approximately 226,000 ounces of gold and 50 million pounds of copper.

< The primary haulage equipment at Kemess is the Canadian-made Euclid R260 truck. Each unit has a haulage capacity of approximately 240 metric tonnes of material. There are currently 11 trucks in the fleet.

GEOLOGY AND RESERVES

The Kemess South deposit is a large gold-copper porphyry containing approximately 8.4 years of proven reserves. The deposit is flat lying and has uniform gold and copper grades throughout. These characteristics make the ore reserve relatively insensitive to changes in metal prices. The deposit contains three principal types of ore, a primary-sulphide hypogene ore, a copper-enriched secondary-sulphide ore and an oxidized leach cap ore. The hypogene ore makes up approximately 80% of the ore body.

MINING OPERATIONS

The Kemess open pit has a conventional mine plan with 15-metre benches and 45-degree slope angles. Currently, two shovels and one loader service a fleet of 11 haul trucks. Ore is moved to a primary crusher and waste rock to either storage dumps or to the tailings dam. Approximately 17.5 million tonnes of ore and 21 million tonnes of waste rock are scheduled to be mined during each year of operation under the recently revised mining plan. Over the next five years, five additional haul trucks will be added to the fleet to accommodate the peak stripping years when over 47 million tonnes of ore and waste annually will be removed from the pit.

MILLING OPERATIONS

The milling process at Kemess involves primary crushing followed by two parallel grinding lines which feed a rougher/scavenger/bulk cleaner flotation circuit. The final product is a gold-copper concentrate, which is hauled by truck in bulk to a railhead at Mackenzie, B.C., where it is loaded into railcars for shipment to the port of Vancouver.

MINERAL RESERVES AND RESOURCES (100% basis)

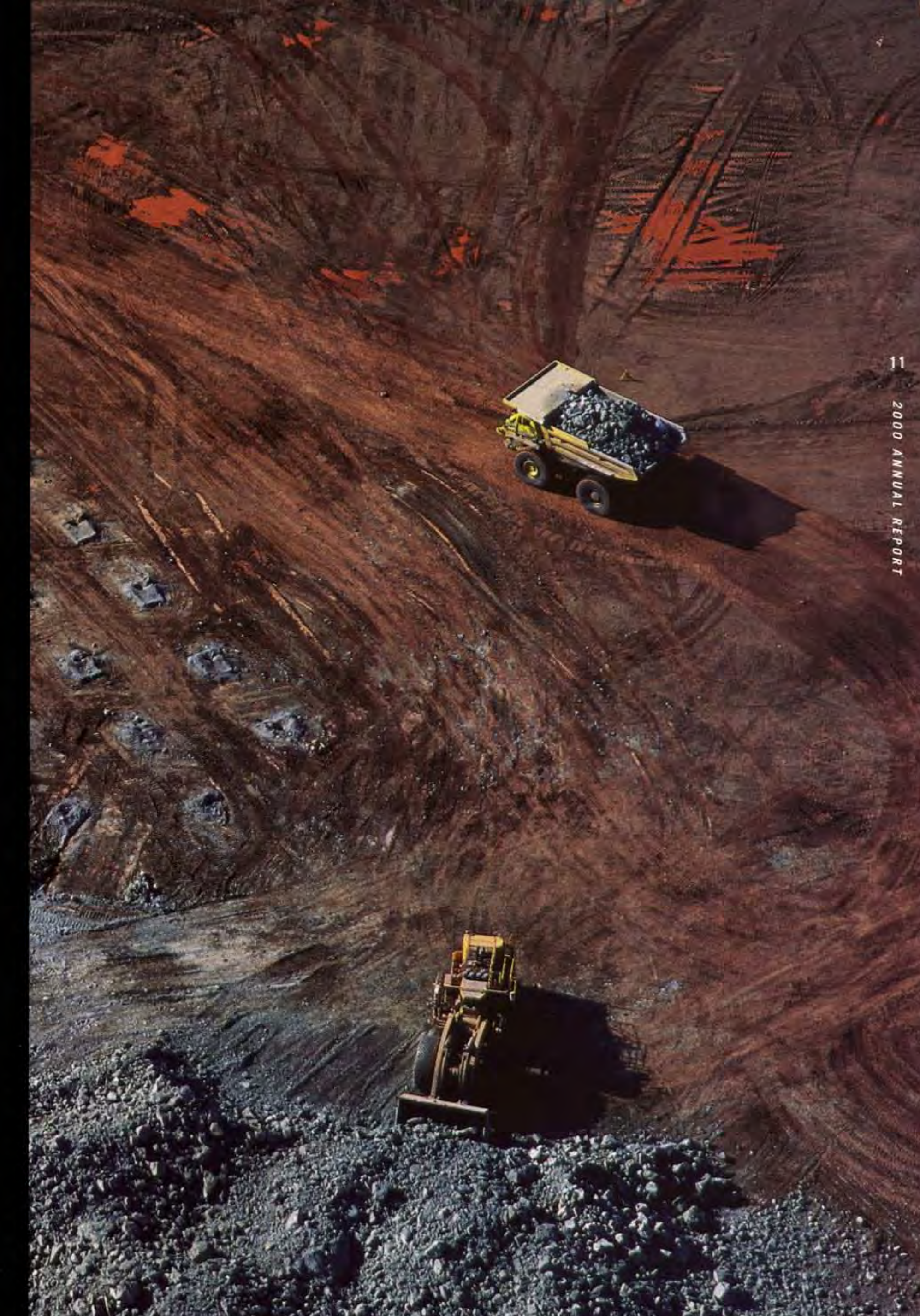
	Category	Quantity at Dec. 31, 2000 (tonnes)	Grade		Contained Metals	
			Au (g/mt)	Cu (%)	Au (ounces)	Cu (000s lbs)
Reserves						
Kemess South	Proven	145,911,266	0.653	0.235	3,063,000	755,900
Resources (in addition to reserves)						
Kemess South	Measured	56,107,795	0.390	0.161	704,000	199,200

MINERAL INVENTORY (100% basis)

	Category	Quantity at Dec. 31, 2000 (tonnes)	Grade		Contained Metals	
			Au (g/mt)	Cu (%)	Au (ounces)	Cu (000s lbs)
Kemess North		360,000,000	0.299	0.154	3,461,000	1,222,000

Reserve Notes:
1. The preceding mineral reserve and resource estimates are prepared in accordance with the "CIM Standards On Mineral Resources and Mineral Reserves, Definitions and Guidelines," adopted by the CIM Council on August 20, 2000, using classical and/or geostatistical methods, plus appropriate mining parameters and the following economic parameters: Exchange rate Cdn$/US$1.45; Gold price US$325/oz; Copper price US$0.95/lb; Silver price US$5/oz.
2. There are no known environmental, permitting, legal, taxation, political, or other relevant issues that would affect the estimates of the mineral reserves.
3. The mineral reserve and resource estimates were verified by Greg Tucker, Chief Mine Engineer, Kemess Mines Ltd. Mr. Tucker is a member of the Professional Engineers of Ontario and has 15 years of experience in mine planning and reserve estimation.
4. Northgate Exploration has a 95% equity interest in the Kemess Mine.

The Kemess deposit is flat lying and has uniform gold and copper grades throughout. These characteristics make the ore reserve relatively insensitive to changes in metal prices.



^ Northgate manages the impact that mining operations have on the surrounding environment.

^^ Until the fourth quarter of 2000, concentrate production was trucked in three-tonne bags to the railhead at Mackenzie, B.C.

< Ore is hauled to the primary crusher where it is reduced in size to minus 30 centimetres in any dimension and placed on the course ore stockpile.

> Mining operations are scheduled on a 24-hour, 365-days-per-year basis.

Once the concentrate arrives at the port it is accumulated and loaded into ocean vessels in 5,000 to 10,000 tonne parcels for shipment to smelters in the Pacific Rim and Europe.

FUTURE EXPLORATION PROSPECTS

Surrounding the existing infrastructure at the Kemess Mine, Northgate has a highly prospective land position of 77,000 acres containing several promising exploration targets.

> The most advanced of these exploration projects is Kemess North, where exploration drilling during 2000 discovered a higher grade porphyry dome at the core of the previously known mineralization and substantially increased the property's mineral inventory. During 2001, Northgate will carry out additional drilling to further define the extent of the dome structure and conduct metallurgical tests on core samples in order to develop a preliminary economic assessment of the deposit for mining after reserves at the Kemess South Mine are exhausted.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Northgate Exploration Limited ("Northgate" or the "Corporation") is a mid-tier gold company with investments in North and South America. During 2000, Northgate acquired a 95% ownership interest in the Kemess Mine, a 260,000 ounce per year gold mine located in north-central British Columbia, for $281,201,000 (approximately US$180,000,000). Kemess is the largest gold mine built in Canada in the last 10 years at a cost in excess of $650 million.

The Corporation's acquisition of its interest in Kemess was partially financed by a US$145 million acquisition bridge loan. As a result of this acquisition, the Corporation's assets have grown from $70,372,000 at the end of 1999 to $379,852,000 at the end of 2000.

Northgate, together with its partner Yamana Resources Inc., is continuing with the US$4.0 million development of a high-grade silver mine in Argentina. Northgate is also reviewing a small portfolio of exploration properties which it owns in South America.

RESULTS OF OPERATIONS

For the year ended December 31, 2000, the Corporation recorded a consolidated net loss of $30,055,000 or $0.99 per share compared with consolidated net income of $2,884,000 or $0.10 per share in 1999. The per share data is based on the weighted average number of shares outstanding of 30,251,156 in 2000 and 30,245,336 in 1999.

The loss in 2000 was mainly attributable to total interest expense of $25,741,000, reflecting interest on the acquisition bridge loan.

On February 11, 2000, the Corporation acquired its investment in the Kemess Mine in the form of a Convertible Royalty which entitled Northgate to receive 95% of the net operating cash flow from the mine after capital expenditures. On December 31, 2000, Northgate converted this royalty interest into a direct 95% equity interest in Kemess Mines Ltd., a single-purpose company whose only asset is the Kemess Mine.

Kemess Mine

During 2000, the Kemess Mine generated positive operating cash flow of $7,500,000, but capital expenditures amounted to $37,081,000. As a result, the Convertible Royalty did not contribute to the Corporation's financial results during 2000.

Production at Kemess totalled 225,994 ounces of gold and 50,389,000 pounds of copper during 2000. This compares with 210,000 ounces of gold and 44,000,000 pounds of copper in 1999.

The following table provides a summary of operations during the fourth quarter and entire year.

(100% production basis)	*2000*	*4Q00*
Tonnes mined (ore plus waste)	34,618,846	10,391,812
Tonnes milled (ore)	14,138,443	4,238,092
Tonnes milled per day	38,630	46,066
Gold grade (gmt)	0.778	0.809
Copper grade (%)	0.220	0.210
Gold recovery (%)	64	68
Copper recovery (%)	74	74
Gold production (ounces)	225,994	75,238
Copper production (000s pounds)	50,389	15,073

Modifications to the milling circuit and higher plant and equipment availability led to significant improvements in throughput, metal recoveries and production by the fourth quarter of 2000. These improving trends are expected to continue in 2001 with production of 257,000 ounces of gold and 70 million pounds of copper forecast at a cash operating cost of approximately US$150 per ounce, net of by-product credits.

2000 Versus 1999

The Corporation's operations changed significantly in the past year as a result of the acquisition of its interest in the Kemess Mine.

As the Corporation acquired its 95% equity interest in Kemess Mines Ltd. on December 31, 2000, Kemess Mines Ltd.'s assets and liabilities have been included in the Corporation's balance sheet but the income statement and statement of cash flows do not include the operating results from Kemess for the year.

Investment and other income: Investment and other income declined to $2,836,000 in 2000 from $7,397,000 in 1999. This decrease was principally due to use of the Company's own resources in partially financing the acquisition of the Convertible Royalty on February 11, 2000.

Administration and general expenses: Administrative and general expenses increased to $1,914,000 in 2000 from $1,061,000 in 1999 reflecting that the Corporation became an active mining company following the Kemess Mine acquisition.

Interest expense: Interest expense increased substantially to $25,741,000 in 2000 from $2,737,000 in 1999. The increase was attributable to the acquisition debt related to the Convertible Royalty.

Currency translation losses: Currency translation losses amounted to $5,185,000 in 2000 compared with $611,000 in 1999. Currency translation losses in 2000 were attributable to the amortization of the foreign exchange difference amounts from debt denominated in US dollars. The revaluation losses resulted from the weakening of the Canadian dollar against the US dollar during 2000.

LIQUIDITY AND CAPITAL RESOURCES

Changes in Financial Condition 1999–2000

At December 31, 2000, the Corporation had a working capital deficiency of $27,220,000 compared with positive working capital of $36,691,000 at December 31, 1999. The decrease in working capital reflects the repayment of the US$35 million Senior Secured Debenture in Royal Oak Mines which was held as a current asset at December 31, 1999. The Corporation used the US$35 million in proceeds together with US$145 million in bridge financing to acquire the Convertible Royalty in the Kemess Mine. Cash at the end of 2000 amounted to $3,616,000 compared with $1,253,000 at the end of 1999.

The primary sources of cash in 2000 were from debt financings in the amount of $234,902,000 and proceeds received from investments of $53,628,000. The Corporation's $3,000,000 secured loan to Quinsam Coal was repaid in full following the successful restructuring of that company. The principal use of cash was for the purchase of the Convertible Royalty in the amount of $281,201,000.

In 1999 cash used for operations amounted to $3,582,000.

Based on planned production levels, estimated gold and copper prices and forecasted Canadian/US dollar exchange rates, it is anticipated that funds provided from operations and proceeds from new credit facilities will be sufficient to finance planned capital expenditures of $21,000,000 for the Kemess Mine in 2001, and pay interest and debt as they become due.

Outstanding indebtedness: The Corporation's long-term debt of $155,749,000 relates to the senior tranche of the acquisition bridge loan which financed the Kemess transaction. This indebtedness together with accrued interest is expected to be refinanced with a US$100 million, six-year secured project loan in 2001.

Terms with respect to the other indebtedness of the Corporation in the aggregate amount of $112,518,000 were renegotiated in 2000 pursuant to which, at the option of the Corporation, principal and interest outstanding will be repayable in common shares. As a result, this indebtedness has been reclassified as equity on the balance sheet.

Shareholders' equity: Shareholders' equity amounted to $1,782,000 at December 31, 2000 compared with $31,837,000 at December 31, 1999. The decrease was attributable to the loss of $30,055,000 for the year. The Corporation's capital stock consists of an unlimited number of Class A and Class B preference shares of which none are issued, and an unlimited number of common shares of which 30,251,156 are issued.

ENVIRONMENTAL MANAGEMENT

Northgate is committed to maintaining effective management systems regarding environment issues at the Kemess Mine.

With respect to future site reclamation and closure costs, the Corporation regularly updates its estimates of future expenditures. At December 31, 2000, management's estimate of future reclamation and site closure costs was $18 million. This estimate was based on available information, preliminary closure plans and applicable regulations. The Corporation has provided $12.0 million in cash to be held in trust against these future environmental obligations.

RISK FACTORS

In the future, Northgate's revenues will be derived from the sale, in US dollars, of gold and copper contained in concentrate produced at the Kemess Mine. The Corporation's Canadian dollar revenues and earnings will be directly affected by fluctuations in the prices of these metals and the Canadian/US dollar exchange rate. Furthermore, as Northgate will continue to have leverage in its capital structure in order to enhance shareholder returns, changes in interest rates will also have an effect on earnings.

The business of mining is generally subject to a number of risks and hazards, including operational incidents, labour disputes, unusual or unexpected geological conditions and other environmental phenomena including weather. Northgate maintains insurance against risks that are typical in the mining industry, although such insurance may not provide adequate coverage under all circumstances.

SENSITIVITIES

The following table shows the approximate impact to earnings and cash flow due to variations in these factors, based on the projected production at the Kemess Mine, adjusted for the Corporation's 95% direct interest, if the change was to remain in effect for the full year.

Factor	*Change in US$ Price*	*Earnings and Cash Flow Impact ($000's)*
Gold	$15.00	$5,000
Copper	$ 0.05	$4,600
Exchange Rate	$ 0.05	$2,000

OUTLOOK

Management is focused on maintaining a low-cost, competitive advantage at the Kemess Mine and will continue the successful value enhancement program in 2001. Exploration activity on the surrounding land position will be increased to explore and evaluate several promising targets in proximity to the existing infrastructure. In particular, a scoping study has begun to evaluate the economic parameters of developing the Kemess North deposit where drilling during 2000 significantly increased the mineral inventory to an estimated 3.46 million ounces of in-situ gold.

A critical objective for the coming year will be the refinancing of the acquisition bridge financing incurred to acquire the interest in Kemess. The Corporation expects to close a long-term US$100 million project loan in 2001. Hedging will be conservative, limited to 50% of the mineable gold reserves but sufficient to support an appropriate amount of project financing. The balance of the acquisition bridge loan is planned to be refinanced with equity.

The Corporation continues to hold a small portfolio of exploration properties in South America and has partnered with Yamana Resources Inc. on the US$4.0 million development of the small but high-grade silver Martha Mine. Shipments of direct shipping ore began in early 2001 and Northgate's return on its investment at Martha is expected to be fully realized in 2001.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and where appropriate reflect management's best estimates and judgement. The financial information presented elsewhere in the annual report is consistent with that in the consolidated financial statements.

The Corporation maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant and reliable and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of the Corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management's discussion and analysis. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and none of its members are affiliated with the Corporation nor are they involved in the daily operations of the Corporation. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that the responsibilities of each party have been properly discharged. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis and the external auditors' report. Fees and expenses for audit services are reviewed and the engagement or reappointment of the external auditors are also considered. The Audit Committee reports its findings to the Board and recommends approval of the consolidated financial statements for issuance to the shareholders.

Kenneth Stowe

Ken Stowe
President
March 5, 2001

Jon Douglas

Jon A. Douglas
Vice-President, Finance

AUDITORS' REPORT

To the Shareholders:

We have audited the consolidated balance sheets of Northgate Exploration Limited as at December 31, 2000 and 1999 and the consolidated statements of operations, retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Vancouver, Canada
March 5, 2001

CONSOLIDATED BALANCE SHEETS

As at December 31, 2000 and 1999 (Expressed in thousands of Canadian dollars)

	2000	*1999*
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,616	$ 1,253
Bullion settlements and other receivables	13,128	15,432
Senior secured debenture *(Note 4)*	—	50,516
Inventories *(Note 5)*	18,014	—
	34,758	67,201
Other assets *(Note 6)*	23,806	3,171
Mineral property, plant and equipment *(Note 7)*	321,288	—
	$ 379,852	$ 70,372
LIABILITIES AND CAPITAL BASE		
Current Liabilities		
Accounts payable and accrued liabilities	$ 41,038	$ 1,943
Short-term debts *(Note 8)*	16,588	28,567
Capital lease obligations *(Note 10)*	4,352	—
	61,978	30,510
Promissory note *(Note 9)*	7,337	7,087
Capital lease obligations *(Note 10)*	11,180	—
Long-term debt *(Note 11)*	155,749	938
Reclamation liabilities *(Note 12)*	15,747	—
	251,991	38,535
Capital Base		
Non-controlling interest	13,561	—
Capital securities *(Note 13)*	112,518	—
Shareholders' equity *(Note 14)*	1,782	31,837
	127,861	31,837
	$ 379,852	$ 70,372

The accompanying notes form an integral part of these financial statements.

Approved by the Board

Terry A. Lyons, *Director*

Patrick D. Downey, *Director*

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2000 and 1999 (Expressed in thousands of Canadian dollars except per share amounts)

	2000	*1999*
Revenue		
Investment and other income	$ 2,836	$ 7,397
Expenses		
Administrative and general	1,914	1,061
Exploration	51	104
Interest	25,741	2,737
Currency translation losses	5,185	611
	32,891	4,513
Net income (loss)	$ (30,055)	$ 2,884
Net income (loss) per share	$ (0.99)	$ 0.10

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

Years ended December 31, 2000 and 1999 (Expressed in thousands of Canadian dollars)

	2000	*1999*
Balance at beginning of year	$ 13,135	$ 10,251
Net income (loss)	(30,055)	2,884
Balance at end of year	$ (16,920)	$ 13,135

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2000 and 1999 (Expressed in thousands of Canadian dollars)

	2000	1999
Cash Provided by (used for) Operations		
Net income (loss)	$ (30,055)	$ 2,884
Adjustments to reconcile income (loss) for the year to net cash flow from (used in) operations		
Unrealized currency translation losses	4,672	903
Amortization of financing charges	1,967	—
Write-off of marketable securities	—	487
	(23,416)	4,274
Decrease (increase) in non-cash operating working capital	17,745	(7,856)
	(5,671)	(3,582)
Investing Activities		
Acquisition of subsidiary	(281,083)	—
Additions to investments and other assets	(2,536)	(120)
Proceeds received from investments	53,628	—
Cash acquired on acquisition of subsidiary	3,123	—
	(226,868)	(120)
Financing Activities		
Debts issued	234,902	938
Reduction in long-term debt	—	(903)
	234,902	35
Increase (decrease) in cash and cash equivalents	2,363	(3,667)
Cash and cash equivalents at beginning of year	1,253	4,920
Cash and cash equivalents at end of year	$ 3,616	$ 1,253
Cash interest paid	$ 2,399	$ 2,300
Cash taxes paid	$ Nil	$ Nil
Decrease (increase) in non-cash operating working capital		
Other receivables	$ 2,805	$ (6,484)
Accounts payable and accrued liabilities	14,940	(1,372)
Decrease (increase) in non-cash operating working capital	$ 17,745	$ (7,856)

The accompanying notes form an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 (Tabular amounts expressed in thousands of Canadian Dollars)

Note 1

NATURE OF OPERATIONS

The Corporation is engaged in gold and copper mining and related activities including exploration, development, mining and processing. Its principal asset, the Kemess Mine, was acquired on December 31, 2000 (Note 3) and as a result, the financial statements do not include any operations of the Kemess Mine for the year ended December 31, 2000.

Note 2

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation
These financial statements have been prepared in accordance with accounting principles and practices that are generally accepted in Canada. The consolidated financial statements include the accounts of the Corporation and its subsidiary companies. All material intercompany balances and transactions have been eliminated.

B. Cash equivalents
Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a maturity of three months or less at acquisition, that are readily convertible to contracted amounts of cash.

C. Inventories
Concentrates and metal inventory is valued at net realizable value. Supplies inventory is stated at the lower of cost, using the average cost method, or replacement cost.

D. Mineral property, plant and equipment
Plant and equipment is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the related assets. Estimated useful lives for mining equipment and major asset categories range from three to seven years. Replacements and major improvements are capitalized.

Mineral property acquisition and mine development costs are deferred on a property-by-property basis and amortized by the unit-of-production method based on proven and probable reserves. If it is determined that the deferred costs relating to a property are not recoverable over its productive life, the unrecoverable portion is charged to earnings in the period such determination is made.

Milling assets are recorded at cost and amortized by the unit-of-production method based on proven and probable reserves.

Expenditures incurred on non-producing properties identified as having development potential are deferred on a project basis until the viability of the project is determined. If a project is abandoned or it is determined that the deferred costs may not be recoverable based on current economics or permitting considerations, the accumulated project costs are charged to operations in the period in which the determination is made. Exploration expenditures on properties not sufficiently advanced to identify their development potential are expensed as incurred.

E. Other investments
Investments in which the Corporation does not have the ability to exert significant influence are carried at cost, less a provision for any decline in value that is other than temporary.

F. Site closure and reclamation costs
Site closure and mine reclamation costs for operating properties are accrued and charged to operations using the unit-of-production method.

G. Revenue recognition
Revenue is recognized upon production of concentrate. Sales of gold and copper concentrates are based on specific sales agreements and may be subject to adjustment upon final settlement of shipment weights, assays and metal prices. Such adjustments to revenue are recorded in the period of final settlement. Gains and losses on derivative financial instruments used to hedge metal price risk are recognized in sales revenue when realized.

H. Foreign currency
Balances denominated in foreign currencies are translated into Canadian dollars as follows:

(i) Revenue and expenses at the average exchange rate during the period;
(ii) Monetary items at the rate of exchange prevailing at the balance sheet date; and
(iii) Non-monetary items translated at rates of exchange in effect when the assets were acquired or obligations incurred.

Exchange gains or losses arising on these translations are included in earnings, except for unrealized gains or losses arising from the translation of long-term monetary items which are deferred and amortized on a straight-line basis over the remaining life of the related items.

Where a foreign currency denominated monetary amount is covered by a hedge that is itself a foreign currency denominated monetary amount, any exchange gains or losses are offset against gains or losses on the hedged amount.

Financial statements of foreign operations are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated at the rate of exchange in effect at the year-end, while revenues and expense items are translated at the average of the rates of exchange prevailing during the year. Material exchange gains or losses from the translation of such financial statements are deferred and disclosed as a separate component of shareholders' equity.

I. Stock-based compensation
The Corporation has an employee stock option plan which is described in Note 14. No compensation expense is recognized for the plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to retained earnings (deficit).

J. Future income taxes
During fiscal 2000, the Corporation adopted the provisions of Section 3465 of the *CICA Handbook, Income Taxes ("Section 3465")* which requires a change from the deferred method of accounting for income taxes to the asset and liability method of accounting for income taxes.

Under the asset and liability method of Section 3465, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

The Corporation has calculated the effect of adopting the provisions of Section 3465, retroactively to January 1, 2000. There was no cumulative effect and no effect on earnings for the year ended December 31, 2000 based on this change in accounting for income taxes.

K. Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of mineral reserves, receivables from sales of concentrate and values of concentrate in inventory and in transit, reclamation and environmental obligations, impairment of assets, useful lives for depreciation and depletion, and valuation allowances for deferred tax assets. Actual results could differ from those estimates.

L. Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Note 3

ACQUISITION OF KEMESS MINES LTD.

On February 11, 2000, the Corporation acquired for $281,201,000 a Convertible Royalty Interest (the "Kemess Convertible Royalty") equal to 95% of the net cash flow of the Kemess Mine from a related party. On December 31, 2000, this royalty interest was exchanged for a 95% equity interest in Kemess Mines Ltd. A summary of the net assets acquired at assigned values is as follows:

Working capital	$ 11,896
Mineral property, plant and equipment	321,288
	333,184
Short-term debts	11,495
Capital lease obligations	11,180
Reclamation liabilities	15,747
Non-controlling interest in acquired net assets	13,561
	51,983
Purchase price of net assets acquired	$ 281,201

Note 4

SENIOR SECURED DEBENTURE

	2000	1999
Senior Secured Debenture	$ —	$ 50,516

On February 11, 2000, the US$35,000,000 Senior Secured Debenture plus accrued interest was repaid in full.

Note 5

INVENTORIES

Inventories comprise the following:

	2000	1999
Concentrates	$ 10,895	$ —
Supplies	7,119	—
	$ 18,014	$ —

Note 6

OTHER ASSETS

	2000	1999
Restricted cash (A)	$ 12,000	$ —
Deferred currency translation losses	4,420	—
Deferred financing charges	568	—
Quinsam Coal Secured Note (B)	—	3,000
Notes receivable (Note 9)	6,766	—
Other	52	171
	$ 23,806	$ 3,171

A. Restricted cash

A subsidiary of the Corporation has pledged $12,000,000 in cash and short-term deposits relating to reclamation and other environmental obligations at the Kemess Mine (Note 12).

B. Quinsam Coal Secured Note

The Quinsam Coal Secured Note, including accrued interest and costs, was repaid during 2000.

Note 7

MINERAL PROPERTY, PLANT AND EQUIPMENT

	Cost
Mineral property	$ 23,544
Plant and equipment	297,744
	$ 321,288

The Corporation's interest in the Kemess Mine is subject to a 1.62% royalty on the value of payable metals produced, held by Trilon Financial Corporation ("Trilon").

Note 8

SHORT-TERM DEBTS

	2000	1999
Loan facility (A)	$ 5,093	$ —
Working capital facility (B)	11,495	—
Secured Debt (C)	—	28,567
	$ 16,588	$ 28,567

A. Loan facility

The Corporation entered into a loan agreement for up to US$4,000,000 in order to finance certain advances receivable. This loan facility carries an interest rate of the 30-day London interbank offered rate ("LIBOR") plus 2.5% per annum and is due and payable on December 16, 2001. At December 31, 2000, the total outstanding principal and accrued interest was US$3,397,000.

B. Working capital facility

In January 2000, Kemess Mines Ltd. established an 18-month loan facility to finance up to $25,000,000 in working capital, subject to certain borrowing base calculations. Interest on the loan is at the 30-day Banker's Acceptance rate plus 2.0% and is secured by an assignment of accounts receivable and inventories. This facility was repaid in February 2001.

The Corporation's continuance is dependent on the ongoing support of current lenders and its ability to raise additional debt or equity.

C. Secured Debt

In 1998, the Corporation entered into a US$21,000,000 loan agreement (the "Secured Debt") in order to finance its investment in the Senior Secured Debenture (Note 4). The Secured Debt bears an interest rate of the 30-day LIBOR plus 2.5% and was repayable in June 2000. During 2000, the term of the Secured Debt was extended to December 31, 2001 and the repayment terms were amended to provide the Corporation the option to repay both principal and interest in common shares of the Corporation at maturity. As a result, the Secured Debt has been reclassified to Capital Securities at December 31, 2000 (Note 13).

Note 9

PROMISSORY NOTE

	2000	1999
Promissory Note	$ 7,337	$ 7,087

During 1998, a subsidiary of the Corporation entered into a promissory note agreement (the "Promissory Note") in the amount of US$5,500,000 to finance the acquisition of a portfolio of mineral and exploration companies with properties located principally in South America. The purchase price was allocated to cash and notes receivable (Note 6). The balance outstanding on the Promissory Note was US$4,893,000 as at December 31, 2000. The Promissory Note bears interest at 5% per annum and is secured by the shares of the acquired companies. The Promissory Note is repayable from the proceeds received from the South American companies. As proceeds are not expected to be received in the next 12 months to fully repay the outstanding principal and interest, the Promissory Note has been reclassified to long-term liabilities.

Note 10

CAPITAL LEASE OBLIGATIONS

	2000	1999
Capital lease obligations	$ 15,532	$ —
Less: current portion	(4,352)	—
	$ 11,180	$ —

Kemess Mines Ltd. is obliged under capital leases for mobile mining equipment with remaining terms ranging from one to five years. Approximately $3,760,000 of the capital lease obligations are payable to an affiliate of Trilon pursuant to capital leases which were transacted under normal business terms.

Future capital lease payments and future minimum lease payments under non-cancellable leases with initial or remaining lease terms in excess of one year as of December 31, 2000 are as follows:

2001	$ 4,352
2002	4,000
2003	3,000
2004	3,000
2005	1,180

Note 11

LONG-TERM DEBT

	2000	1999
Loan facility (A)	$ —	$ 938
Senior Acquisition Bridge Facility (B)	155,749	—
	$ 155,749	$ 938

A. Loan facility

In 1999, the Corporation entered into a loan facility to finance certain advances receivable. As the loan facility is repayable on December 16, 2001, it has been reclassified from long-term to short-term debts (Note 8).

B. Senior Acquisition Bridge Facility

On February 11, 2000, the Corporation established a non-revolving term facility (the "Bridge Facility") in the principal amount of US$95,000,000 in order to acquire the Kemess Convertible Royalty as described in Note 3. The Bridge Facility carried an interest rate of LIBOR plus 2.5% per annum until August 9, 2000 when the Bridge Facility was extended for a further period of six months. During the extension period the rate of interest was increased to LIBOR plus 3.5%. On February 10, 2001, the Bridge Facility was extended to February 10, 2002 on similar interest rate terms. This Bridge Facility can be repaid at any time prior to maturity at the option of the Corporation.

Note 12

RECLAMATION LIABILITIES

Minimum standards for mine reclamation have been established by federal and provincial governmental agencies. Under current regulations, Kemess Mines Ltd. is required to meet performance standards to minimize environmental impacts from operations and to perform site restoration and other closure activities.

Provisions for site closure and reclamation costs are based on known requirements. The exact nature of environmental control problems, if any, that may be encountered in the future cannot be predicted with certainty because environmental requirements currently established by government agencies may change.

Note 13

CAPITAL SECURITIES

	2000	*1999*
Subordinated Acquisition Bridge Facility (A)	$ 83,409	$ —
Secured Debt (B)	29,109	—
	$ 112,518	$ —

A. Subordinated Acquisition Bridge Facility
On February 11, 2000, the Corporation established an additional non-revolving term facility (the "Acquisition Facility") in the principal amount of US$50,000,000, which ranked second in priority to the Bridge Facility, in order to acquire the Kemess Convertible Royalty as described in Note 3. The Acquisition Facility carried an interest rate of LIBOR plus 4.0% per annum until August 9, 2000 when the Acquisition Facility was extended for a further period of six months. During the extension period, the rate of interest increased to LIBOR plus 6.0%. On February 10, 2001, the Acquisition Facility was extended to December 31, 2001 with similar interest rate terms. The Corporation may settle interest payments in either cash or common shares and has the option to settle principal at maturity in common shares of the Corporation.

B. Secured Debt
In 1998, the Corporation entered into a US$21,000,000 loan agreement in order to finance its investment in the Senior Secured Debenture (Note 4). The Secured Debt carries an interest rate of the 30-day LIBOR plus 2.5% and was repayable in June 2000 (Note 8). During 2000, the term of the Secured Debt was extended to December 31, 2001 and the repayment terms were amended to provide the Corporation the option to repay both principal and interest in common shares of the Corporation at maturity.

Distributions on these securities, net of related income taxes, are deducted from income (loss) for the purpose of calculating net income (loss) and net income (loss) per common share.

Note 14

SHARE CAPITAL

A. Shareholders' Equity

Authorized: An unlimited number of Class A and Class B preference shares and an unlimited number of common shares.

Issued: Common shares 2000 – 30,251,156; 1999 – 30,245,336

	2000	*1999*
Common shares	$ 18,702	$ 18,702
Retained earnings (deficit)	(16,920)	13,135
	$ 1,782	$ 31,837

B. Employee Stock Option Plan
Options granted and outstanding as at December 31, 2000 under the Northgate Stock Option Plan (the "Plan") are as follows:

Year Granted	*Granted and Outstanding*	*Option Price Per Share*	*Year of Expiry*
1999	300,000	$ 0.92	2004
2000	500,000	$ 0.90	2005

Under the Plan, up to 910,752 Shares are reserved for future issuance to employees pursuant to the Plan. Stock options are granted at exercise prices based on the market price of the Corporation's common shares at the date of the grant of the stock options. In no instance may the exercise price be less than the market price of the common shares at the time of the option being granted. Options may not be granted for a period longer than 10 years.

C. Common Share Purchase Warrants
After obtaining approval from the Shareholders at the 2000 annual general meeting, 1,500,000 common share purchase warrants exercisable at $0.84 per share were issued to Trilon relating to advisory services and financing provided by Trilon in connection with the acquisition of the Kemess Convertible Royalty. The warrants expire on February 11, 2005.

Note 15

INCOME TAXES

Income tax expense is based upon the following components of income (losses) before taxes:

Year	*Canadian*	*Foreign*	*Total*
2000	$(29,771)	$ (284)	$(30,055)
1999	2,321	563	2,884

There was no income tax expense (recovery) for 2000 or 1999.

Income tax expense differs from the amount which would result from applying the statutory Canadian income tax rate for the following reasons:

	2000	*1999*
Income (loss) before taxes	$(30,055)	$ 2,884
Canadian income tax rate	43.6%	44.6%
Tax based on statutory income tax rate	$(13,104)	$ 1,286
Differences between Canadian and foreign tax rates	24	(55)
Expenses not deductible	1,123	217
Tax losses not previously recognized	—	(1,448)
Tax benefits not currently recognized	11,957	—
	$ Nil	$ Nil

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31, 2000 are presented below:

	Future Income Tax asset
Non-capital loss carry-forwards	$ 13,703
Net capital loss carry-forwards	32,395
Capital assets and Canadian resource deductions	36,269
Reclamation liabilities	6,037
B.C. mineral tax deductions	34,700
Other	1,255
	124,359
Valuation allowance	(124,359)
Net future income tax asset	$ —

At December 31, 2000, the Corporation and its subsidiaries have non-capital losses of approximately $31 million available for Canadian income tax purposes which are due to expire from 2002 to 2007 taxation years. In addition, the Corporation has approximately $148 million of capital losses for Canadian tax purposes available to reduce taxes payable on future capital gains.

Note 16

SEGMENTED INFORMATION

The Corporation considers itself to operate in a single segment being gold and copper mining and related activities including exploration, development, mining and processing. Although the Corporation considers itself to operate in two geographic segments being North America and South America, substantially all identifiable assets, revenues and expenses are attributable to the North American segment.

Note 17

RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Corporation carries on certain transactions with its affiliates which are conducted on normal business terms. At December 31, 2000, the financial statements included short-term debt of $16,588,000 (1999 – $28,567,000), long-term debt of $155,749,000 (1999 – $938,000), capital securities of $112,518,000 (1999 – $nil) and a royalty accounts payable of $2,300,000 due to a related company. Interest expenses of $25,369,000 (1999 – $2,324,000) were recorded on the above-noted related party debt obligations.

Note 18

FINANCIAL INSTRUMENTS

A. As at December 31, 2000, Kemess Mines Ltd. had sold forward 200,000 ounces of gold for delivery in 2001 at an average price of US$302 per ounce. In February 2001, these contracts were closed out for proceeds of approximately $12,000,000.

As at December 31, 2000, Kemess Mines Ltd. had also entered into contracts to sell US$62 million in 2001 at an average exchange rate of Cdn$1.46 and an additional US$36 million in 2002 at an average exchange rate of Cdn$1.47. As at December 31, 2000, the Corporation had sold forward US$14 million to purchase Canadian dollars for value March 31, 2001 at a rate of Cdn$1.44. The fair market value of these foreign exchange contracts was approximately ($3,723,000) at December 31, 2000.

B. Except as disclosed elsewhere in these financial statements, the carrying value of all other financial instruments approximates fair value.

C. The Corporation monitors the financial condition of its customers and counter-parties to contracts and considers the risk of material loss to be remote.

Note 19

COMMITMENTS AND CONTINGENCIES

The Corporation and its subsidiaries are involved in various claims and lawsuits relating to unresolved construction liens at the Kemess Mine. In the opinion of the Corporation's management, these claims and lawsuits in the aggregate will not have a material adverse effect on the Corporation's consolidated financial statements.

FIVE-YEAR COMPARATIVE SUMMARY OF SELECTED FINANCIAL DATA

(Expressed in thousands of Canadian dollars, except for share data)

	2000	1999	1998	1997	1996
Revenue – metal production	$ —	$ —	$ —	$ —	$ 733
– investment and other income	2,836	7,397	3,917	1,580	1,990
	2,836	7,397	3,917	1,580	2,723
Expenses – mining	—	—	—	—	618
– administrative and general	1,914	1,061	933	1,101	1,168
– exploration	51	104	—	—	—
– interest	25,741	2,737	—	—	—
– currency translation losses	5,185	611	1,349	—	—
	32,891	4,513	2,282	1,101	1,786
Income (loss) before taxes	(30,055)	2,884	1,635	479	937
Income taxes	—	—	—	—	—
Net income (loss)	$(30,055)	$ 2,884	$ 1,635	$ 479	$ 937
Earnings (loss) per share	$ (0.99)	$ 0.10	$ 0.05	$ 0.02	$ 0.03
Number of shares used in computing earnings (loss) per share (weighted average)	30,251,156	30,245,336	30,245,336	30,245,336	30,245,336

YEAR-END FINANCIAL HIGHLIGHTS

Working capital (deficiency)	$(27,220)	$ 36,691	$ 2,133	$ 23,280	$ 21,801
Investments and other assets	23,806	3,171	57,123	4,038	5,038
Mineral property, plant and equipment	321,288	—	—	—	—
Total assets	379,852	70,372	70,991	28,078	27,529
Total invested capital	302,127	39,862	59,256	27,318	26,839
Long-term debts	174,266	8,025	30,303	—	—
Capital base	127,861	31,837	28,953	27,318	26,839
Shares outstanding	30,251,156	30,245,336	30,245,336	30,245,336	30,245,336
Share price – high/low (during year)	1.15/0.60	1.29/0.52	1.15/0.60	1.30/0.86	1.64/0.93

Note: Certain of the figures have been reclassified to conform with the financial statement presentation adopted in 2000.

SELECTED QUARTERLY FINANCIAL DATA

(Expressed in thousands of Canadian dollars except for share data)

	2000 Quarter Ended				1999 Quarter Ended			
	Mar 31	June 30	Sept 30	Dec 31	Mar 31	June 30	Sept 30	Dec 31
Revenue, investment and other income	$ 1,964	$ 203	$ 278	$ 391	$ 1,605	$ 1,650	$ 1,720	$ 2,422
Net income (loss)	(2,049)	(6,830)	(8,307)	(12,869)	621	691	802	770
Earnings (loss) per share	(0.07)	(0.23)	(0.27)	(0.42)	0.02	0.02	0.03	0.03

Note: Refer to notes to consolidated financial statements for additional information.

CORPORATE INFORMATION

PRINCIPAL OFFICES

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Smithers, British Columbia
V0J 2N0 Canada
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Telecopier: (604) 881-8418

INVESTOR INQUIRIES

Shareholders and investors requiring additional information should contact the Corporation at (604) 669-3141 or visit our Web site at www.northgateexploration.ca

Annual Meeting
The Annual Meeting of Shareholders will be held at 2:00 p.m. on Friday, June 8, 2001 at the Exchange Tower, TSE Conference Centre, 2 First Canadian Place, 130 King Street West, Toronto, Ontario.

AUDITORS

KPMG LLP

SOLICITORS

Fraser Milner Casgrain LLP

STOCK EXCHANGE LISTING

(Stock Symbol: NGX)

The Toronto Stock Exchange
Toronto, Canada

TRANSFER AGENT AND REGISTRAR

Shareholder enquiries relating to address changes and share certificates should be directed to:

Computer Share Investor Services
510 Burrard Street
Vancouver, British Columbia
V6C 3B9 Canada
Telephone: (604) 661-0222
1-800-661-5566 (Toll free in Canada and the U.S.A.)
Telecopier: (604) 669-1548

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Toronto, Canada
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Patrick D. Downey
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Sonora Diamond Corp. Ltd.

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B.C. Pacific Capital Corporation

Brian D. Lawson [(1)]
Toronto, Canada
Managing Partner
Trilon Financial Corporation

Terry A. Lyons
Vancouver, Canada
Chairman
Northgate Exploration Limited

[(1)] Member of Audit Committee

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Jon A. Douglas
Vice-President, Finance

Arun K. Gupta
Vice-President and Controller

Bruce M. McKay
Corporate Secretary

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General Manager

Harold Bent
Environment Superintendent

Robin Curry
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Mike Hibbitts
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Linda Hodgson
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John Hoffert
Mine Superintendent

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