

WESTERN CANADIAN INVESTMENTS

NO. 169 (2000)
SEPTEMBER 5, 2000

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NORTHGATE EXPLORATIONS LTD.

[NGX-T] 30,245,336 SHS.

THREE MONTHS ENDED JUNE 30, 2000		1999
REVENUE	\$203,000	\$1,650,000
EXPENSES	7,033,000	959,000
NET INCOME (LOSS)	(6,830,000)	691,000
EARNINGS (LOSS)/SHARE	(23¢)	2¢

SIX MONTHS ENDED JUNE 30, 2000		1999
REVENUE	\$2,167,000	\$3,255,000
EXPENSES	11,046,000	1,943,000
NET INCOME (LOSS)	(8,879,000)	1,312,000
EARNINGS (LOSS)/SHARE	(29¢)	4¢

SIX MONTH REPORT - Terry Lyons, chairman, Northgate Explorations Ltd., reports financial and operating results for the six months ended 30Jun2000. The six-month period loss reflects the interest costs relating to the US \$145,000,000 bridge loan facility incurred to acquire a 95% convertible royalty interest in the Kemess Mine in north-central BC combined with a foreign exchange loss as a result of converting the company's borrowings into Canadian dollars.

The Kemess royalty interest entitles Northgate to receive 95% of the operating cash flow after capital expenditures from the mine. During the second quarter, the mine generated positive operating cash flow of \$2,300,000 compared with a deficit of \$2,900,000 in the first quarter. Capital expenditures during the second quarter were \$7,900,000 compared with \$4,800,000 during the prior period. As a result, the royalty did not contribute to Northgate's income during either quarter. However, the improved results currently being achieved at the Kemess Mine should generate earnings for Northgate by the end of the year. For the first six months of 2000, revenues reflect interest earned on outstanding loans.

Operations at the Kemess Mine continued to post strong gains in throughput and efficiency following the completion of several key initiatives. During the first quarter, the focus was on improving mining operations and specifically the performance of the haulage truck fleet. This has been accomplished and truck availability reached 90% during the month of June, compared with 75% at the beginning of the year. During the second quarter, several projects were completed to increase mill production by improving both plant availability and metallurgical recoveries. Operating results shown in the table OVERLEAF P.2 demonstrate these continuing gains in throughput and initial increases in process efficiencies.

Mill throughput in the second quarter averaged 36,420 tonnes per day or 27% higher than in the previous quarter was affected by a brief power disruption in early April and a 10 day scheduled maintenance period in June. These were one time events and the mill is now positioned to meet its operating target of 48,000 tonnes per day.

Gold production in the second quarter was 60,660 ounces, an increase of 49% over the first quarter. Copper production rose 26% to 11,300,000 pounds. Gold recoveries improved 7% to 63.6% compared with the first quarter while copper recoveries were slightly lower at 68.0%, reflecting a scheduled change to supergene ore from predominantly hypogene ore in the first quarter. In both cases, metal recoveries do not reflect the changes to the metallurgical process which did not impact the mill until late in the quarter.

Cash operating costs at Kemess averaged US \$239.25/oz net of copper by-product credits and are continuing to decrease as throughput and gold production approach targeted levels.

The installation of a new \$2,000,000 conventional thickener and a \$1,000,000 rebuild to the two filter presses which dewater the

gold-bearing copper concentrate were both completed in June on time and on budget. These two projects, in conjunction with additional modifications to the regrind and floatation circuits are having an immediate and positive impact in the third quarter.

Northgate's land position surrounding the Kemess Mine covers an area of 77,000 acres. An 11-hole diamond drill program began June 13th and represents the start of a long term exploration program focused on developing and maintaining proven and probable reserves at 10 to 12 years of production. The first target is Kemess Centre, located 750 metres north of the existing Kemess South open pit. A recent geophysical survey produced several strong geophysical anomalies. At the end of June, two holes had been completed, each intersecting geological structures similar to Kemess South.

In-fill drilling will be conducted at the Kemess North deposit in the third quarter as part of a pre-feasibility study. Mineral resources at Kemess North are 74,000,000 tonnes with a contained metal content of 816,000 ounces of gold and 306,000,000 pounds of copper.

Northgate continues to work with YAMANA RESOURCES INC. [YRI-T] on the underground development of the Marthas high-grade silver deposit in the Santa Cruz Province, Argentina, which contains over 9,300,000 ounces of equivalent silver. Yamana recently received its mining approvals and has mobilized a contractor to begin development. Production of direct shipping ore is expected to begin in early 2001. To-date, Northgate has advanced Yamana US \$1,200,000 of a total of US \$4,000,000 in a structured financing loan.

In May 2000, Scotia Capital Inc. agreed to provide Northgate with a US \$100,000,000 six-year secured project loan with the proceeds being used to repay a portion of the US \$145,000,000 bridge loan. Technical due diligence began the last week of May and is expected to be completed early September. The project facility is anticipated to be drawn down before year-end. The company continues to consider alternative transactions to refinance the balance of the bridge loan facility.

Northgate implemented a conservative gold and foreign exchange hedging program to support the project loan. At June 30th, spot deferred contracts totalled 200,000 ounces at of US \$293/oz and US \$120,000,000 was sold forward at exchange rates between 1.46 to 1.48.

The restructuring of Quinsam Coal has been extended by the Court to September 12th in order for shareholders of Quinsam to vote on the conditions of refinancing. Quinsam has received preliminary Court approval for its restructuring under CCAA which stipulated Northgate will be repaid the \$3,000,000 owed in full upon implementation. Quinsam Coal is a subsidiary of HILLSBOROUGH RESOURCES LTD. [HLB-T]. (SEE QUINSAM COAL LOAN DETAILS IN GCNL NO.167, 31Aug2000, P.4)

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NORTHGATE EXPLORATION LTD. KEMESS MINE OPERATING HIGHLIGHTS

(100 % of production basis)	2Q00	1Q00	% Change
Ore milled (metric tonnes)	3,314,209	2,617,612	27
Ore milled (metric tonnes per day)	36,420	28,765	27
Ore Grades			
Gold (gmt)	0.904	0.818	11
Copper (%)	0.23	0.23	0
Recoveries			
Gold (%)	63.6	59.3	7
Copper (%)	68.0	69.1	(2)
Production			
Gold (ounces)	60,661	40,653	49
Copper (pounds)	11,250,176	8,988,235	25
Cash Costs			
US\$/oz	\$239.25	\$351.62	32

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