

## "Reliable Reporting"

### WESTERN CANADIAN INVESTMENTS

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#### NORTHGATE EXPLORATION LIMITED

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

KEMESS MINE PROFITABLE - Speaking at an official opening ceremony at the mine site in north-central BC, Terry Lyons, chairman of Northgate Exploration Ltd., said in the few months it has been responsible for the operation of the Kemess gold and copper mine, the company has turned it into a profitable operation

Mr. Lyons credited a new management team and the implementation of changes to milling processes for the steady improvement at the mine, which employs 435 people and helps the economies of surrounding communities such as Smithers, Prince George and Mackenzie.

Attending the ceremony were business, community and Native leaders, analysts and media. Mines and Energy Minister Dan Miller, who is also the Minister for Northern Development, led a small provincial delegation on a site visit and tour Tuesday en route to Victoria for the opening of the B.C. Legislature.

Northgate acquired the property after the bankruptcy of ROYAL OAK MINES INC., which spent more than \$600,000,000 to develop it. Northgate paid US \$180,000,000 for a 95% royalty interest, which it intends to convert to a 95% equity interest in the mine.

Mr. Lyons said the company made the acquisition with the assistance of a US \$145,000,000 bridge loan arranged by Trilon Financial Corporation, but expects to refinance soon through a combination of long-term project debt and new equity. Trilon, which is arranging the project debt financing, says it will likely be provided by leading Canadian and international financial institutions.

Mr. Lyons said key recent additions to the management team included Ken Stowe, who is president/chief operating officer and Maurice Ethier, the mine's general manager.

"In Ken, we have someone who has over 25 years experience, who most recently was responsible for all of Boliden's operations world-wide," Mr. Lyons said. "And in Maurice we have someone who was manager of two open pit copper mines in BC."

Mr. Lyons said the company expects the mine to produce 280,000 ounces of gold and 55,000,000 pounds of copper each year. Operating costs are expected to be about US \$160/oz. per ounce, net of copper credits, second lowest among producers.

Mr. Stowe said the mine has a life expectancy of more than nine years.

"There are some very promising areas that we control around the mine, so we expect to be able to extend the mine's life substantially," said Mr. Stowe. "We will be doing a lot of exploration work starting this spring."

Guests at the opening were flown into the mine's well-equipped airport, through which crews are rotated on a two-weeks on, two-weeks off basis. While at the mine, the crews work 12-hour shifts for two weeks, then get two weeks off.

The guests were taken on a tour of the facilities to watch shovels in the pit load eleven 240-tonne trucks to transport ore to the company's two parallel grinding lines capable of handling more than

48,000 tonnes of ore per day. Concentrate produced by the mill is transported by truck to Mackenzie over a winding road that skirts Williston Lake, and in Mackenzie it is put into rail cars for shipment through Vancouver to smelters in the Pacific Rim.

Mr. Ethier said the company is proud of its environmental record and plans to expand apprenticeship training and improve its relationships with First Nations in the area through better communications and employment programs. (SEE GCNL NO.31, 15 Feb 2000 P.4 FOR PREVIOUS RELATED DATA)

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