

Northgate Announces C\$140 Million Equity Financing and Recapitalization

December 19, 2001

VANCOUVER, BRITISH COLUMBIA--Northgate Exploration Limited (TSE:NGX) today announced a Cdn\$140 million equity financing and recapitalization that will strengthen the Company's financial position and provide it with the resources necessary to take advantage of new growth opportunities, including the Kemess North exploration project.

Highlights of the Financing

The financing will comprise the following transactions:

- * A \$20 million unit offering of common shares and common share purchase warrants and a \$5 million issue of flow-through common shares sold by way of a special warrant issue;
- * A \$25 million rights offering to current common shareholders of units consisting of common shares and common share purchase warrants that will be underwritten by BC Pacific Capital Corporation ("BC Pacific"), the Company's largest shareholder; and,
- * A \$90 million private placement of 8% convertible preferred shares arranged by Trilon Financial Corporation ("Trilon").

Ken Stowe, President & CEO., stated, "I am delighted to announce this transaction as it strengthens Northgate's financial position and completes the refinancing of the acquisition debt incurred to acquire the Kemess Mine in 2000. With this major objective complete, the Company will now focus on growth opportunities and, in particular, developing the Kemess North Project where drilling this year has defined an expanded inferred resource containing 5.7 million ounces of gold."

The \$140 million financing (the "Financing") includes four separate components:

- * An issuance by the Company of up to 15,873,000 special warrants (the "Unit Special Warrants") to a syndicate of investment dealers led by Griffiths McBurney & Partners (the "Underwriters"), at a price of Cdn\$1.26 per Unit Special Warrant, for gross proceeds to the Company of approximately \$20.0 million. The Underwriters will have an option to purchase up to a maximum of 3,968,000 additional Unit Special Warrants at a price of Cdn\$1.26 per Unit Special Warrant, for gross proceeds to the Company of \$5.0 million, for a period expiring on the closing of the Unit Special Warrant offering. Each Unit Special Warrant shall entitle the holder to acquire, without payment of additional consideration, one unit consisting of one common share of Northgate (a "Common Share") and one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant shall entitle the holder to acquire one Common Share for \$3.00 at any time until the fifth anniversary of the closing date of the Unit Special Warrant transaction. BC Pacific has indicated to the Underwriters that it will subscribe for Unit

Special Warrants, such that its current interest in the Common Shares of the Company is maintained on a fully-diluted basis;

* An issuance by the Company of 3,571,430 flow-through special warrants (the "Flow-through Special Warrants") to investors, at a price of Cdn\$1.40 per Flow-through Special Warrant, for gross proceeds to the Company of \$5.0 million. Each Flow-through Special Warrant shall entitle the holder to acquire, without payment of additional consideration, one flow-through common share of Northgate (a "Flow-through Common Share");

* A rights offering (the "Rights Offering") by the Company of up to 19,841,270 units. Each unit shall consist of one Common Share and one-half of one Warrant and will be priced at Cdn\$1.26 per unit for gross proceeds to the Company of \$25.0 million. Each whole Warrant shall entitle the holder to acquire one Common Share for \$3.00 at any time until the fifth anniversary of the closing date of the Rights Offering. Northgate has been advised by BC Pacific that it will provide a standby commitment to take up any unexercised rights (the "Stand-by Commitment"); and,

* A private placement to Trilon of \$90.0 million convertible preferred shares by the Company. The preferred shares will be issued in two series. The Cdn\$45 million Series 1 Convertible Preferred Shares will have a cumulative and fixed dividend rate of 8% and are not redeemable. The Cdn\$45 million Series 2 Convertible Preferred Shares will have a cumulative and fixed dividend rate of 8% and subject to certain exceptions, will be redeemable by the Company prior to December 31, 2003 at 110% of par plus accrued and unpaid dividends if such redemption takes place prior to December 31, 2002, and at 120% of par plus accrued and unpaid dividends if such redemption takes place after December 31, 2002. Both Series 1 and Series 2 Preferred Shares will be convertible into common shares at the holder's option, at any time at \$1.51 per common share; and (ii) retractable by the holder at \$25 per share, plus accrued and unpaid dividends, on the earlier of December 31, 2006 and the date upon which a change of control of the Company takes place.

Net proceeds from the issue of the Flow-through Special Warrants will be used to fund qualified exploration expenditures at Northgate's Kemess North exploration project in 2002. Net proceeds from the issue of the Unit Special Warrants, the Rights Offering and the Preferred Shares will be used to repay the obligations to Trilon under the Company's Capital Securities with the remainder, estimated to be approximately \$4 million to be used for working capital purposes including expenses of this financing.

Northgate has entered into an engagement letter with respect to the financing. The syndicate of investment dealers will be led by Griffiths McBurney & Partners and will include CIBC World Markets, TD Newcrest, and Trilon Securities Corporation.

Completion of the Financing is subject to certain conditions, including, among other things, receiving (i) all necessary regulatory approvals, including approval by The Toronto Stock

Exchange, and (ii) approval of the Financing by the minority shareholders of Northgate. The Company will hold a special meeting of its shareholders in order to seek minority shareholder approval.

Northgate is a substantial mid-tier gold mining company whose premier asset, the Kemess South Mine, in north central British Columbia, will produce an average of 260,000 ounces of gold and 75 million pounds of copper over its remaining 8-year mine life.

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