

# Northgate Minerals Provides Update on Construction and Exploration Activities at Young-Davidson

13.04.2011 | [CNW](#)

VANCOUVER, April 13 /CNW/ -- Project Remains On Schedule and On Budget

VANCOUVER, April 13 /CNW/ - (All figures in US dollars except where noted) Northgate Minerals Corporation (TSX: NGX, NYSE-Amex: NXG) is pleased to provide an update on construction activities for its 100% owned Young-Davidson project located beside the town of Matachewan, Ontario, 60 kilometres ('km') west of Kirkland Lake. Northgate is also pleased to report that follow-up drilling on the YD West zone continues to return positive results.

With current proven and probable gold reserves totalling over 2.8 million ounces(1), the Young-Davidson mine is targeting start-up of production in late Q1 2012. The mine is expected to generate an average of 180,000 ounces of gold annually over an initial 15-year mine life.

## Highlights

### Construction Activities

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- The project remains on schedule:
  - at the end of March 2011, 80% of the contracts have been awarded (approximately \$170 million), 90% of equipment purchase orders have been placed and 66% of the engineering has been completed.
- The project remains on budget:
  - at the end of March 2011, Northgate has invested approximately \$130 million towards construction of the Young-Davidson mine.

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### Diamond Drill Program

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- Hole YD10-198B, located approximately 115 metres ('m') below discovery hole 198, returned 5.43 grams per tonne ('g/t') gold over 10.95 m (estimated 6.7 m true thickness).
- A total of 5,332 m of surface diamond drilling has been completed within the YD West zone in 2011.

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'Since breaking ground in August 2010, we're pleased to report that Young-Davidson has remained on schedule and on budget' commented Ken Stowe, President and CEO. 'In particular, we have made great progress on the construction front, having recently completed the raise bore pilot hole for the first leg of the production shaft as well as the concrete foundations for the process plant building. In addition, exploration results continue to prove up the YD West zone, where there is significant potential to add to current reserves. Over the next year, we expect to invest an additional \$250 million using existing funds to bring Young-Davidson into production as we move towards our objective of increasing annual production to 350,000 ounces in 2013 and beyond.'

#### Young-Davidson Targeting Production in 2012

Construction activities on surface facilities and underground development are well advanced and are detailed as follows:

#### Overall Project Activity and Schedule Update (up to the end of March 2011)

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- Northgate has invested approximately \$130 million towards building the Young-Davidson mine.
- On surface, continued major earthworks in preparation of the project site.
- Received an amended Certificate of Approval permitting the discharge of treated process water, which is the last significant permit required for the mine to commence production.
- Began dewatering the historic Young-Davidson open pit.
- Commenced construction of the 115 kilovolt ('kV') power line to energize the site by the beginning of Q4.

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#### Process Plant and Major Equipment

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- Completed pouring the concrete foundations for the process plant building and major equipment.
- Currently installing formwork (permanent moulds) and reinforcements for the autogenous grinding ('AG') mill foundation.
- One of the Kemess South ball mills has been dismantled and is being refurbished by the equipment manufacturers in preparation for installation at Young-Davidson.
- Erection of the mill building is in progress and is expected to be completed by June.
- Major equipment orders are beginning to arrive on site.

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## Ramp

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- The underground development rate is now averaging almost 14 m per day.
- During the first quarter, the ramp was extended an additional 290 m to an approximate length of 4,200 m.
- The vertical depth of the ramp is currently 680 m and over the next 30 months, will be completed to a depth of 1500 m.
- An additional 890 m of lateral development was achieved during the quarter.

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## Shaft

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- Commissioned the new hoist and have commenced sinking operations of the existing shaft.
  - The existing shaft will be extended to a depth of 1,500 m.
- Completed the 446 m raise bore pilot hole for the first leg of the production shaft.
  - A total of 220 m has been reamed to 5.5 m in diameter for the new production shaft.

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## Tailings Impoundment Area ('TIA')

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- Commissioned the dewatering system that will facilitate construction
  of the TIA west dam.
- Quarrying of the rock necessary for the construction of the tailings
  dam will be completed within the next two months.
- Targeting completion of the first two stages of the TIA construction
  by year-end.
- Construction of the haul bridge is scheduled to start in the
  following months.
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Development activities over the next 12 months include:

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- Awarding the electrical/mechanical equipment installation contract in
  April.
- Tendering the open pit mining contract in April.
- Starting the open pit pre-production development in Q4.
- Completing the 115 kV transmission line to energize the site by Q4.
- Commissioning activities in Q4.
- Targeting our first gold pour late Q1 2012.
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The following photos showcase some of the recent construction activities at site. A complete photo gallery and short video clip are available on our website at [www.northgateminerals.com](http://www.northgateminerals.com).

Process plant concrete foundations

[www.northgateminerals.com/Theme/Northgate/files/Releases/2011/ppconcrete.jpg](http://www.northgateminerals.com/Theme/Northgate/files/Releases/2011/ppconcrete.jpg)

New hoist commissioned

[www.northgateminerals.com/Theme/Northgate/files/Releases/2011/newhoist.jpg](http://www.northgateminerals.com/Theme/Northgate/files/Releases/2011/newhoist.jpg)

Raise bore setup for new production shaft

[www.northgateminerals.com/Theme/Northgate/files/Releases/2011/raisebore.jpg](http://www.northgateminerals.com/Theme/Northgate/files/Releases/2011/raisebore.jpg)

Headframe modifications:

[www.northgateminerals.com/Theme/Northgate/files/Releases/2011/headframe.jpg](http://www.northgateminerals.com/Theme/Northgate/files/Releases/2011/headframe.jpg)

## Young-Davidson Targeting Production in 2012

Northgate released its final Feasibility Study on Young-Davidson in January 2010 (see press release dated January 25, 2010). Results of the Feasibility Study were based on a gold price of \$825 per ounce and an exchange rate of US\$/Cdn\$0.90. In order to better reflect current market conditions, all figures have been updated in this press release using a gold price of \$1,400 per ounce and an exchange rate of US\$/Cdn\$1.00, unless otherwise noted.

The mining operations will consist of an open pit and underground mine. Access for personnel and materials to the underground mine will be via the ramp and the existing shaft, which will be extended to a depth of 1,500 m. A second production shaft will also be developed to a depth of 1,500 m.

Surface facilities will consist of a modern 6,000 tonne per day ('tpd') process plant utilizing conventional gold processing technology. Unit operating costs are projected to be Cdn\$31.63 per metric tonne ('mt') of ore.

Targeting our first gold pour in late Q1 2012, the first leg of production will come from a small open pit targeting production in the range of 84,000 - 90,000 ounces in 2012 and 134,000 - 140,000 ounces in 2013. Once underground development is complete, gold production is expected to ramp up to approximately 175,000 ounces in 2014 and 220,000 ounces in 2015. The approximate life-of-mine cash cost of \$400 per ounce is forecast to be well below the current industry average due to the favorable geometry, strong continuity and thickness of the orebody, as well as the very competent nature of the host rock, which allows low cost bulk mining techniques to be employed.

The net cash cost of gold production expressed in US dollars per ounce has increased slightly from the Feasibility Study, solely as a result of the change in base case exchange rate assumption from US\$/Cdn\$0.90 to US\$/Cdn\$1.00.

Estimated gold production and cash costs for Young-Davidson are shown below:

Table 1: Young-Davidson Production and Cash Cost Forecast

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	Source	Production (ounces)	Cash Cost (\$/oz) (1)
2012 (late Q1 start-up)	Open Pit	84,000 - 90,000	\$580 - \$610
2013	Open Pit	134,000 - 140,000	\$420 - \$440
2014	Open Pit		
	& Underground	175,000	\$425
2015	Underground	220,000	\$335
2016 - 2020 Average	Underground	205,000	\$390
2021 - 2025 Average	Underground	175,000	\$425
2026	Stockpile	95,000	\$630
Annual average		~180,000 ounces	~\$400 / oz

(1) Assuming exchange rate of US\$/Cdn\$1.00.

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The pre-production capital development costs of the Young-Davidson mine are almost exclusively denominated in Canadian dollars. The current estimate of the total capital cost of the project is Cdn\$377.1 million and has not changed from the figure contained in the Feasibility Study. However in US dollars, the pre-production capital cost estimate is now \$377.1 million reflecting the increase in the exchange rate assumption from US\$/Cdn\$0.90 to \$1.00.

At a gold price of \$1,400 per ounce and an exchange rate of US\$/Cdn\$1.00, the Young-Davidson mine's existing proven and probable reserves are expected to generate \$1.9 billion in pre-tax operating cash flow and on a project basis (i.e. prior to any capital investment), has a pre-tax net present value ('NPV') 5% of \$1.0 billion and a pre-tax internal rate of return ('IRR') of 27.6%. The pre-tax and after tax metrics for the Young-Davidson project, at a variety of gold prices, are shown in the following table:

Table 2: Young-Davidson Economics Estimate(1)

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Gold Price US\$/oz	Cash Flow (US\$M)		NPV 5% Discount (US\$M)		IRR		Payback (years)
	Pre-tax	After tax	Pre-tax	After tax	Pre-tax	After tax	
1,000	\$917	\$654	\$421	\$275	15.4%	12.8%	6.1
1,200	\$1,405	\$989	\$730	\$491	21.8%	18.2%	4.8
1,400	\$1,902	\$1,331	\$1,045	\$709	27.6%	23.1%	4.0
1,600	\$2,398	\$1,670	\$1,358	\$926	32.9%	27.7%	3.5

(1) Feasibility Study press release on January 25, 2010 used a range of \$825/oz - \$1,125/oz of gold and exchange rate assumption of US\$/Cdn\$0.90

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Table 3: Summary of Economic Parameters

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Item	Value
Gold price (US\$ per ounce)	1,400
Silver price (US\$ per ounce)	28
Foreign exchange rates (US\$/Cdn\$)	1.00
Tax rates (%)	
Federal Income Tax	15
Provincial Income Tax	10
Provincial Mining Tax	10
Pre-Production Capital (US\$ millions)	
Infrastructure	83.3
Process plant	90.1
Mining	106.3
Indirect costs	62.8
Contingency	34.6
Total Pre-Production Capital	\$377.1
Sustaining Capital & Mine Closure (US\$ millions)	
Completion of Underground Mine Infrastructure	142.9
Sustaining Capital & Mine Closure	119.8
Total Sustaining Capital & Mine Closure	\$262.7
Average mining cost (Cdn\$ per tonne milled)	19.03(1)
Process cost (Cdn\$ per tonne milled)	10.08
General and administration (Cdn\$ per tonne milled)	2.52
Total (Cdn\$ per tonne milled)	\$31.63
Processing Recovery (%)	
Gold	92.4
(1) Includes open pit mining cost of Cdn\$3.46 per tonne mined and underground mining cost of Cdn\$20.63 per tonne mined.	

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## Infrastructure

The Young-Davidson property is located 3 km west of the town of Matachewan, in the gold-producing Abitibi greenstone belt of northern Ontario. It is readily accessible to, and serviced by, surrounding mining communities such as Kirkland Lake (60 km) and Timmins (165 km) via Highways 566, 66 and 101.

Electric power for the mine site will be supplied by upgrading approximately 47 km of an existing 115 kV power line. We will also be installing 7 km of a new 115 kV line and a mine site transformer station, which is expected for completion in the beginning of the fourth quarter.

The Young-Davidson property sits on the site of two past producing mines, both with track records of successful mining and simple metallurgy, producing approximately one million ounces of gold between the mid 1930's and the mid 1950's. All of the existing underground workings left by the previous owners are in excellent condition.

## Human Resources

Work is progressing well at Young-Davidson and has resulted in a significant boost for local and regional employment. Currently, there are approximately 275 contractors and Northgate employees on site, including over 20 First Nations employees. Once production begins in 2012, the mine will provide ongoing direct employment for 275 employees during its 15-year mine-life.

#### Environment, Permitting and Community Relations

Environmental and permitting activities are ongoing. A recent open house was held to provide an update on blasting information and construction activities. In addition, Young-Davidson provides a community newsletter in order to keep stakeholders up-to-date on site progress. Open houses will continue to be held with the local communities and First Nations, where there is strong community support. On July 2, 2009, Northgate entered into an Impact and Benefits Agreement with the Matachewan First Nation. Since that achievement, the parties have continued to work cooperatively on various aspects of project development.

#### Exploration Update: YD West Zone

In 2011, a total of 5,332 m of surface diamond drilling has been completed in the YD West zone with the intent of delineating additional resources. The YD West zone was discovered when hole YD10-198 intersected 3.46 g/t gold over 79.5 m. With the current data, the zone appears to have a minimum strike length of approximately 175 m, measures 150 m along dip and averages 20 m in true thickness.

Hole YD10-198B, located approximately 115 m below the discovery hole YD10-198, returned 5.43 g/t over 10.95 m (estimated 6.7 m true thickness). This hole has been cut by a late post mineral dyke that cut off as much as 45 m of the zone as evidenced by the presence of auriferous material in both the hanging and footwall of the dyke.

The long section below illustrates the location of hole 198B in relation to other intercepts 198, 198A and 234 (see press release dated January 11, 2011) in the YD West zone. Drilling now continues in the area with two diamond drills active. Results are pending for another hole (YD11-234A), which tested an area approximately 50 m east of the discovery hole.

If the 2011 drilling program is successful, it is expected that an initial mineral resource estimate for the YD West zone will be completed by the end of the year.

Table 4: Assay Results YD10-198B

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Hole ID	From (m)	To (m)	Interval (m)	True Thickness (m)	Gold Cut 20 g/t
YD10-198B	1353.47	1364.42	10.95	6.7	5.43

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Figure 1: Young-Davidson Longitudinal Section (looking north) Assay Results YD10-198B  
[www.northgateminerals.com/Theme/Northgate/files/Releases/2011/YDFig1Apr11.jpg](http://www.northgateminerals.com/Theme/Northgate/files/Releases/2011/YDFig1Apr11.jpg)

### Underground Delineation Drilling

Underground delineation drilling in support of future underground mining activities began in late 2010 and is currently focusing on a sector of the Upper Boundary Zone. This portion of the program is nearly complete and will be reported upon during the second quarter of 2011 once all the results have been received. It is expected that the results of this program will be incorporated into the annual reserve and resource re-estimate at the end of 2011.

### Qualified Persons

John Andrew Cormier, PEng, Project Manager, Northgate Minerals Corporation, is the Qualified Person responsible for reviewing and approving the technical information of this press release.

Carl Edmunds, Exploration Manager, Northgate Minerals Corporation, is the Qualified Person responsible for reviewing and approving the exploration results of this press release.

Northgate Minerals Corporation is a gold and copper producer with mining operations, development projects and exploration properties in Canada and Australia. Our vision is to be the leading intermediate gold producer by identifying, acquiring, developing and operating profitable, long-life mining properties.

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(1) See press release dated March 8, 2011

Ms. Keren R. Yun, Director, Investor Relations, Tel: 416-216-2781, Email: [ngx@northgateminerals.com](mailto:ngx@northgateminerals.com), Website: [www.northgateminerals.com](http://www.northgateminerals.com)

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Die URL für diesen Artikel lautet:

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