

NORTHGATE MINERALS MAR 2009 QTR: HIGHER PROFITABILITY ON LOWER PRODUCTION

	Mar Qtr	Dec Qtr	Change
Production (oz)	107,477	118,265	-9%
Head Grade (g/t)	0.72	0.81	-12%
Average Gold Price (US\$/oz)	935	814	15%
Cash Operating Cost (US\$/oz)	396	421	-6%
Development Cost (US\$/oz)	73	61	19%
Total Cash Cost (US\$/oz)	469	482	-3%
Gross Margin (US\$/oz)	466	332	40%
Other Investment Activities			
Capital Expenditure (US\$/oz)	91	56	
Exploration/Evaluation (US\$/oz)	30	41	
Total Other Investment (US\$/oz)	121	97	
Corporate Expenditure			
Net Finance Cost (Revenue) (US\$/oz)	- 4	- 5	
General Administration (US\$/oz)	17	20	
Total Corporate Costs (US\$/oz)	14	15	9%
Cash Surplus (Deficit) (US\$/oz)	332	220	51%
Balance Sheet Performance			
Cash Balance (US\$m)	88.4	62.4	42%
Marketable Investments (US\$m)	36.9	39.4	
Interest Bearing Loans (US\$m)	42.5	43.1	-1%
Hedging Liability (US\$m)	-	-	
Share Capital			
Shares Outstanding (m)	255.8	255.7	0.04%
Insider Holdings (%)	32.81%	32.81%	0.00%
\$C Share Price (End of Qtr)	1.71	1.02	68%

Northgate Minerals (TSX: NGX; AMEX: NXG) has enjoyed a very profitable March quarter despite production falling 9%, predominantly due to the mining of lower grades. Cash operating costs were reduced thanks largely to improvements in recovery rates at both Kemess and Fosterville. Going forward, alterations made to the metallurgical process at Kemess will positively impact on the processing of the remaining lower grade reserves. At Fosterville, higher recovery rates were attributable to the lower quantity of carbonaceous ore milled during the quarter. New heated leach circuits, commissioned in April, are expected to further improve gold recoveries in future quarters.

- **Kemess March 09 Quarter:** Average grades: 0.606g/t Au and 0.187% Cu for recoveries of 71% and 85% respectively. (December Quarter 08: Average grades 0.661g/t Au and 0.196% Cu for recoveries of 69% and 80% respectively)
- **Fosterville March 09 Quarter:** Average grades: 5.53g/t Au for recovery of 86%. (December Quarter 08: Average grades: 6.03g/t Au for recovery of 82%)

Cash operating costs fell by 6% to US\$396/oz and the average price of gold received increased 15% to US\$935/oz. Capitalized development costs increased 19% and marginally negated some of these gains. The end result was a 40% increase in Gross Margin to US\$466/oz from US\$332/oz in the preceding quarter.

Investment activities for the March 09 Quarter were considerably higher due to the significant purchase of Plant and Equipment at both Fosterville and Stawell. At Fosterville, \$2.5m was spent on the heated leach project as well as \$0.7m on raising the tailings dam. At Stawell, \$1m was spent on the purchase of a new haul truck and another \$0.7m on raising the tailings dam. Corporate costs were in line with the previous quarter, leaving a total cash surplus of US\$332/oz which was a 50% improvement over the previous quarter.

This strong result was largely reflected in a 42% increase in the cash balance to US\$88.4m. Marketable securities and interest bearing loans remained more or less steady. The share price increased 68% during the quarter and as I write this review has risen a further 40% to C\$2.39, reflecting the solid quarterly performance and a recent surge in metal prices.

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