NORTHGATE MINERALS CORPORATION

\- AND -

2080263 ONTARIO INC.

\- AND -

YOUNG-DAVIDSON MINES, LIMITED

MERGER AGREEMENT

September 13, 2005

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MERGER AGREEMENT

THIS AGREEMENT made as of the 13th day of September, 2005,

B E T W E E N:

NORTHGATE MINERALS CORPORATION, a company continued under the Laws of the Province of British Columbia,

(hereinafter referred to as "Northgate")

A N D:

2080263 ONTARIO INC., a corporation incorporated under the Laws of the Province Ontario,

(hereinafter referred to as "Northgate Subco")

A N D:

YOUNG-DAVIDSON MINES, LIMITED, a corporation incorporated under the Laws of the Province of Ontario,

(hereinafter referred to as "Young-Davidson")

WHEREAS Northgate Subco is a corporation wholly owned by Northgate;

AND WHEREAS Northgate, Northgate Subco and Young-Davidson propose to combine the business and assets of Young-Davidson with those of Northgate;

AND WHEREAS the parties hereto intend to carry out the proposed business combination by way of a statutory amalgamation under the provisions of the OBCA;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings, respectively:

1.1.1. "**Affiliate**" has the meaning ascribed thereto in the OBCA;

1.1.2. "**Agreement**", "**this Agreement**", "**herein**", "**hereto**", and "**hereof**" and similar expressions refer to this Agreement, as the same may be amended or supplemented from time to time;

1.1.3. "**Amalco**" means the amalgamated corporation resulting from the Amalgamation; all of the issued and outstanding Amalco Common Shares will be beneficially owned by Northgate;

1.1.4. "**Amalco Common Shares**" means the common shares in the share capital of Amalco;

1.1.5. "**Amalgamation**" means the amalgamation of Young-Davidson and Northgate Subco pursuant to the provisions of the OBCA;

1.1.6. "**Amalgamation Agreement**" means the agreement among Young-Davidson, Northgate and Northgate Subco in respect of the Amalgamation, to be substantially in the form attached as Schedule 1.1.6 to this Agreement;

1.1.7. "**Articles of Amalgamation**" means the articles confirming the Amalgamation required under the OBCA to be sent to the Director;

1.1.8. "**Business Day**" means any day excepting a Saturday or Sunday or a day recognized as a holiday in Toronto, Ontario, or a day on which banks in Toronto are not open for business;

1.1.9. "**Certificate of Amalgamation**" means the certificate in respect of the Amalgamation;

1.1.10. "**Competing Proposal**" means a proposal or offer by a third party (other than by Northgate), whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or substantially all of the assets of Young-Davidson or to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over 20% or more of Young-Davidson Shares (including any Young-Davidson Shares then held by such third party) whether by an arrangement, amalgamation, a merger, consolidation or other business combination, by means of a sale of Young-Davidson Shares, sale of assets, tender offer or exchange offer or similar transaction involving Young-Davidson including, without limitation, any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of all or substantially all of the assets of Young-Davidson or to acquire in any manner, directly or indirectly, 20% or more of the outstanding Young-Davidson Shares (other than the Amalgamation);

1.1.11. "**Completion Deadline**" means November 15, 2005 or such later date as may be agreed between the parties in writing;

1.1.12. "**Confidentiality Agreement**" means the confidentiality agreement dated July 7, 2005 between Northgate and Young-Davidson;

1.1.13. "**Director**" means the director appointed under Section 278 of the OBCA;

1.1.14. "**Disclosed Information**" means all information (i) disclosed in writing to Northgate (or its representatives) by Young-Davidson in connection with Northgate's due diligence review process or (ii) otherwise made available to Northgate (or its representatives) including by way of public disclosure by Young-Davidson;

1.1.15. "**Effective Date**" means the date shown on the Certificate of Amalgamation giving effect to the Amalgamation, and which is anticipated to be on the day immediately after the Meeting Date;

1.1.16. "**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date;

1.1.17. "**Exchange Ratio**" has the meaning given to such term in Section 2.1.3 hereof;

1.1.18. "**GAAP**" means, for those generally accepted accounting principles stated in the Handbook of the Canadian Institute of Chartered Accountants, such principles so stated;

1.1.19. "**Government Authority**" means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question;

1.1.20. "**in writing**" means written information including documents, files, software, records, books and other materials made available, delivered or produced to Northgate by or on behalf of Young-Davidson in the course of the review undertaken by Northgate in respect of Young-Davidson;

1.1.21. "**Information Circular**" means the notice of the Young-Davidson Meeting and the accompanying management information circular to be sent to Young-Davidson Shareholders in connection with the Young-Davidson Meeting;

1.1.22. "**Laws**" means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Government Authority, statutory body (including the Toronto Stock Exchange and the American Stock Exchange) or self-regulatory authority, and the term "applicable" with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Government Authority (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

1.1.23. "**Material Adverse Change**" means any change in the financial condition, operations, assets, liabilities, or business of Young-Davidson which is materially adverse to the business of Young-Davidson other than a change:

(i) which arises out of or in connection with (x) a matter that has been publicly disclosed or otherwise disclosed in writing to Northgate or its representatives by Young-Davidson or its representatives prior to the date of this Agreement or (y) the Disclosed Information;

(ii) resulting from conditions affecting the mining and exploration industry as a whole; or

(iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere;

1.1.24. "**Material Adverse Effect**" means any event, change or effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of Young-Davidson provided, however, that a Material Adverse Effect shall not include an adverse effect resulting from a change:

(i) which arises out of or in connection with (x) a matter that has been publicly disclosed or otherwise disclosed in writing to Northgate or its representatives by Young-Davidson or its representatives prior to the date of this Agreement or (y) the Disclosed Information;

(ii) resulting from conditions affecting the mining and exploration industry as a whole; or

(iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere;

1.1.25. "**Matachewan Technical Report**" means the technical report on the mineral resource estimate for the Matachewan Property, Powell, Cairo & Yarrow Townships, Larder Lake Mining Division, Ontario, Canada, dated August, 2004 by Reno Pressacco, M. Sc (A), P. Geo. and Paul Gribble, B. Sc., C. Eng. of Micon International Limited, which report is in compliance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators and comprises part of the Disclosed Information;

1.1.26. "**material change**" has the meaning ascribed thereto in the *Securities Act* (Ontario) as the same has been and may hereafter from time to time be modified;

1.1.27. "**material fact**" has the meaning ascribed thereto in the *Securities OBCA* (Ontario) as the same has been and may hereafter from time to time be modified;

1.1.28. "**Meeting Date**" means the date on which the Young-Davidson Meeting occurs;

1.1.29. "**Mineral Properties**" has the meaning given to such term in Section 4.1.5.1 hereof;

1.1.30. "**Mineral Property Agreements**" has the meaning given to such term in Section 4.1.5.2 hereof;

1.1.31. "**Northgate**" means Northgate Minerals Corporation, a company incorporated under the Laws of the Province of British Columbia;

1.1.32. "**Northgate Governing Documents**" means the certificate and notice of articles of Northgate, as amended, and the articles of Northgate, as amended;

1.1.33. "**Northgate Material Adverse Change**" means any change in the financial condition, operations, assets, liabilities, or business of Northgate and its Subsidiaries, considered as a whole, which is materially adverse to the business of Northgate and its Subsidiaries, considered as whole; other than a change:

(i) which arises out of or in connection with (x) a matter that has been publicly disclosed or otherwise disclosed in writing to Young-Davidson or its representatives by Northgate or its representatives prior to the date of this Agreement or (y) information which has been disclosed in writing or otherwise made available by Northgate to Young-Davidson;

(ii) resulting from conditions affecting the mining and exploration industry as a whole; or

resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere;

1.1.34. "**Northgate Material Adverse Effect**" means any event, change or effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of Northgate and its Subsidiaries, considered as a whole; provided, however, that Northgate Material Adverse Effect shall not include an adverse effect resulting from a change:

(i) which arises out of or in connection with (x) a matter that has been publicly disclosed or otherwise disclosed in writing to Young-Davidson or its representatives by Northgate or its representatives prior to the date of this Agreement or (y) information which has been disclosed in writing or otherwise made available by Northgate to Young-Davidson;

(ii) resulting from conditions affecting the mining and exploration industry as whole; or

(iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere;

1.1.35. "**Northgate Public Documents**" has the meaning given to such term in Section 4.2.6 hereof;

1.1.36. "**Northgate Shares**" means the common shares in the capital of Northgate;

1.1.37. "**Northgate Subco**" means 2080263 Ontario Inc., a wholly-owned Subsidiary of Northgate incorporated under the Laws of the Province of Ontario;

1.1.38. "**Northgate Subco Common Shares**" means the common shares in the capital of Northgate Subco;

1.1.39. "**OBCA**" means the *Business Corporations Act* (Ontario) as the same has been and may hereafter from time to time be amended;

1.1.40. "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Government Authority, syndicate or other entity, whether or not having legal status;

1.1.41. "**Personnel Obligations**" means any obligations or liabilities of Young-Davidson to pay any amount to its or their officers, directors, employees and consultants, other than for salary, bonuses under its or their existing bonus arrangements and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and obligations or liabilities in respect of insurance or indemnification contemplated by this Agreement or arising in the ordinary and usual course of business and, without limiting the generality of the foregoing, Personnel Obligations shall include the obligations of Young-Davidson to directors, officers, employees and consultants:

(i) for payments on or in connection with any change in control of Young-Davidson pursuant to any change in control agreements, policies or arrangements, including the payments specified herein; and

(ii) for special incentive bonus payments and commitments as previously disclosed in writing to Northgate in the Disclosed Information;

1.1.42. "**Regulatory Approval**" means any approval, consent, waiver, permit, order or exemption from any Government Authority having jurisdiction or authority over any party or the Subsidiary of any party which is required or advisable to be obtained in order to permit the Amalgamation to be effected including, for greater certainty, the approval by the TSX Venture Exchange of Young-Davidson's change of control, and "**Regulatory Approvals**" means all such approvals, consents, waivers, permits, orders or exemptions;

1.1.43. "**Securities Authorities**" means the appropriate securities commissions or similar regulatory authorities in Canada and each of the provinces and territories thereof;

1.1.44. "**Special Resolution**" means the special resolution to be adopted by the Young-Davidson Shareholders at the Young-Davidson Meeting approving the Amalgamation as required by the OBCA;

1.1.45. "**Stock Option Plan**" means the Stock Option Plan of Young-Davidson, as amended;

1.1.46. "**Subsidiary**" has the meaning ascribed thereto in the OBCA;

1.1.47. "**Superior Proposal**" has the meaning given to such term in Section 6.4 hereof;

1.1.48. "**Young-Davidson**" means Young-Davidson Mines, Limited, a corporation incorporated under the Laws of the Province of Ontario;

1.1.49. "**Young-Davidson Broker Unit Warrants**" means the outstanding warrants of Young-Davidson exercisable at a price of $0.90 each until August 8, 2006 to acquire one unit comprised of one common share in the capital of Young-Davidson and one-half of one common share purchase warrant, each whole common share purchase warrant entitling the holder to purchase one common share in the capital of Young-Davidson at a price of $1.10 per share until August 8, 2006;

1.1.50. "**Young-Davidson Governing Documents**" means the certificate and articles of incorporation of Young-Davidson, as amended, and the by-laws of Young-Davidson, as amended;

1.1.51. "**Young-Davidson Meeting**" means the special meeting or meetings of Young-Davidson Shareholders (including any adjournment thereof) that is to be convened to consider and, if deemed advisable, to approve the Amalgamation;

1.1.52. "**Young-Davidson Options**" means the share purchase options granted under the Stock Option Plan and being outstanding and unexercised on the date hereof;

1.1.53. **"Young-Davidson Shares"** means the issued and outstanding common shares in the capital of Young-Davidson and common shares of Young-Davidson issuable pursuant to Young-Davidson Options, Young-Davidson Warrants and Young-Davidson Broker Unit Warrants;

1.1.54. **"Young-Davidson Shareholder"** means a registered holder of Young-Davidson Shares, from time to time, and "Young-Davidson Shareholders" means all of such holders; and

1.1.55. **Young-Davidson Warrants"** means the common share purchase warrants of Young-Davidson being outstanding and unexercised on the date hereof.

1.2 Singular, Plural, etc.

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

1.3 Deemed Currency

In the absence of a specific designation of any currency any undescribed dollar amount herein shall be deemed to refer to Canadian dollars.

1.4 Headings, etc.

The division of this Agreement into Articles and Sections, the provision of a table of contents hereto and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement to Articles and Sections refer to Articles and Sections of and to this Agreement in which such reference is made.

1.5 Date for any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein.

1.7 Attornment

The parties hereby irrevocably and unconditionally consent to and submit to the courts of the Province of Ontario for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either party in such court. The parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Ontario and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

ARTICLE 2
THE AMALGAMATION

2.1 Amalgamation

As soon as reasonably practicable after the date hereof, and subject to the terms and conditions of this Agreement, or at such other time as is specifically indicated below in this Section 2.1, each party shall take the following steps indicated for it:

2.1.1. Young-Davidson and Northgate Subco hereby agree to amalgamate by way of statutory amalgamation under the OBCA on the terms and subject to the conditions contained in this Agreement and the Amalgamation Agreement and Northgate hereby covenants and agrees to issue the Northgate Shares required to be issued in connection with the Amalgamation.

2.1.2. Young-Davidson shall call and convene the Young-Davidson Meeting for the purpose of considering the Amalgamation and the Special Resolution.

2.1.3. Under the Amalgamation, the Articles of Amalgamation will be filed and pursuant to which:

2.1.3.1 Young-Davidson and Northgate Subco will amalgamate and continue as Amalco;

2.1.3.2 each Young-Davidson Share (other than those held by Northgate Subco and by dissenting Young-Davidson Shareholders, if any) will be converted into 0.7212 of a Northgate Share, subject to amendment pursuant to Section 2.3.4 (such conversion ratio being the "Exchange Ratio");

2.1.3.3 the Northgate Subco Common Shares will be cancelled and replaced by Amalco Common Shares on the basis of one Amalco Common Share for each Northgate Subco Common Share;

2.1.3.4 as consideration for the issuance of the Northgate Shares to effect the Amalgamation, Amalco will issue to Northgate one Amalco Common Share for each Northgate Share so issued;

2.1.3.5 all of the property and assets of each of Northgate Subco and Young-Davidson will be the property and assets of Amalco and

Amalco will be liable for all of the liabilities and obligations of each of Northgate Subco and Young-Davidson; and

2.1.3.6 Amalco will be a wholly-owned subsidiary of Northgate.

2.1.4. Within one Business Day after the Effective Date, Northgate shall deliver to its transfer agent, Computershare Trust Company of Canada ("Computershare"), a treasury order directing Computershare to issue certificates representing the appropriate number of Northgate Shares to the former Young-Davidson Shareholders. No fractional Northgate Shares will be delivered to any Young-Davidson Shareholder otherwise entitled thereto. Instead, such Young-Davidson Shareholders will receive a cash payment equal to their proportionate share of the proceeds (after deducting fees and expenses) received by Computershare on the sale of the Northgate Shares representing the accumulation of all fractional interests in Northgate Shares that would otherwise be issuable to Young-Davidson Shareholders, other than dissenting Young-Davidson Shareholders, in connection with the Amalgamation. Computershare will make arrangements to sell such Northgate Shares on the Toronto Stock Exchange on behalf of those Young-Davidson Shareholders as soon as possible after the Effective Date.

2.1.5. Following the approval of the Amalgamation by the Young-Davidson Shareholders, the parties shall take any other action and do anything, including the execution of any other agreements, documents or instruments, that are necessary or useful to give effect to the Amalgamation.

2.2 Implementation Covenants

2.2.1. Young-Davidson Information Circular

Northgate and Young-Davidson shall use commercially reasonable efforts to prepare the Information Circular together with any other documents required by applicable securities and corporate Laws in connection with the Amalgamation, and Young-Davidson shall cause the Information Circular and other documentation required in connection with the Young-Davidson Meeting to be sent to each Young-Davidson Shareholder (and any other Person required to be sent the Information Circular pursuant to securities and/or corporate Laws) and filed as required by applicable Laws as soon as reasonably practicable, provided that the Information Circular and other documentation required in connection with the Amalgamation shall be sent only with Northgate's prior written consent (such consent not to be unreasonably withheld).

2.2.2. Securities and Corporate Compliance

2.2.2.1 Northgate shall use all commercially reasonable efforts to obtain all orders required from the applicable Securities Authorities to permit the issuance and first resale of the Northgate Shares to be issued pursuant to the Amalgamation without the qualification with, or approval of, or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Government Authority or regulatory authority under any Canadian federal, provincial or territorial securities or other Laws or pursuant to the rules and regulations of any regulatory authority administering such Laws, or the fulfilment of any other legal requirement in any such jurisdiction (other than, with respect to such first resales, any restrictions on transfer by reason of, among other things, a holder being a "control person" of Northgate for purposes of Canadian provincial or territorial securities Laws).

2.2.2.2 Young-Davidson shall diligently do all such acts and things as may be necessary to comply, in all material respects, with National Instrument 54-101 ("NI 54-101") in relation to the Young-Davidson Meeting and, without limiting the generality of the foregoing, shall, in consultation with Northgate, and if reasonably requested by Northgate, use all commercially reasonable efforts to abridge the timing requirements of subsections 2.2(1) and/or 2.5(1) of NI 54-101 contemplated by Section 2.20 of NI 54-101.

2.2.2.3 Northgate shall take all steps necessary to have all the Northgate Shares issuable pursuant to the Amalgamation conditionally approved for listing on the Toronto Stock Exchange.

2.2.3. Preparation of Filings

2.2.3.1 Northgate and Young-Davidson shall cooperate in:

2.2.3.1.1 the preparation of any application for the orders and the preparation of any other documents reasonably deemed by Northgate or Young-Davidson to be necessary to discharge their respective obligations under applicable Laws in connection with the Amalgamation and all other matters contemplated by this Agreement; and

2.2.3.1.2 the taking of all such action as may be required under applicable Laws in connection with the Amalgamation and all other matters contemplated by this Agreement.

2.2.3.2 Each of Northgate and Young-Davidson shall furnish to the other all such information concerning it and its shareholders as may be required to effect the actions described in this ARTICLE 2, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Amalgamation will contain any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished or to be used.

2.2.3.3 Northgate and Young-Davidson shall each promptly notify the other if at any time before the Effective Date it becomes aware that the Information Circular or an application for any order referred to in Section 2.2.3.1.1 contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Information Circular or such application. In any such event, Northgate and Young-Davidson shall cooperate in the preparation of a supplement or amendment to the Information Circular or such other document, as required and as the case may be, and, if required, shall cause the same to be distributed to Young-Davidson Shareholders and/or filed with the Securities Authorities.

2.2.3.4 Young-Davidson shall ensure that the Information Circular complies with all applicable securities and corporate Laws and, without limiting the generality of the foregoing, that the Information Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to and provided by Northgate). Without limiting the generality of the foregoing, Young-Davidson shall ensure that the Information Circular provides Young-Davidson Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Young-Davidson Meeting.

2.2.4. <u>Amalgamation Agreement, etc.</u>

Northgate, Northgate Subco and Young-Davidson hereby acknowledge that the Amalgamation Agreement required to be entered into pursuant to Section 175 of the OBCA shall be substantially in the form attached as Schedule 1.1.6. Young-Davidson shall, subject to and following the adoption of the Special Resolution, deliver to Northgate the duly executed Articles of Amalgamation and related documents which will be filed by Northgate with the Director.

2.3 Certain Northgate Acknowledgements and Agreements

2.3.1. Northgate acknowledges that the Stock Option Plan is in place and that one person holds Young-Davidson Options to purchase an aggregate of 600,000 Young-Davidson Shares at an exercise price of $0.50 per Young-Davidson Share under stock option agreements entered into in accordance with the Stock Option Plan. Northgate acknowledges and agrees that in accordance with the terms of the Stock Option Plan, such Young-Davidson Options will, after the Amalgamation, be exercisable for that number of whole Northgate Shares equal to the number of Young-Davidson Shares issuable under each such Young-Davidson Option multiplied by the Exchange Ratio, rounded down to the nearest whole number of Northgate Shares, at a per Northgate Share exercise price equal to the exercise price at which such Young-Davidson Option was exercisable immediately prior to the Amalgamation divided by the Exchange Ratio, rounded up to the nearest whole cent. Northgate further acknowledges that Young-Davidson's board of directors will resolve that regardless of any provision to the contrary in the Stock Option Plan, the expiry dates of all of the Young-Davidson Options currently outstanding under the Stock Option Plan will not be accelerated and will remain as set out in each stock option agreement.

2.3.2. Northgate acknowledges that [___] persons hold Young-Davidson Warrants to purchase an aggregate of 427,778 Young-Davidson Shares as follows:

(i) 75,000 Young-Davidson Shares at a price of $0.65 until October 15, 2005;

(ii) 75,000 Young-Davidson Shares at a price of $0.65 until January 25, 2006; and

(iii) 277,778 Young-Davidson Shares at a price of $1.10 until August 8, 2006;

Northgate acknowledges and agrees that in accordance with the terms of the certificates representing such Young-Davidson Warrants, such Young-Davidson Warrants will, after the Amalgamation, be exercisable for that number of whole Northgate Shares equal to the number of Young-Davidson Shares issuable under each such Young-Davidson Warrant multiplied by the Exchange Ratio, rounded down to the nearest whole number of Northgate Shares, at a per Northgate Share exercise price equal to the exercise price at which such Young-Davidson Warrant was exercisable immediately prior to the Amalgamation divided by the Exchange Ratio, rounded up to the nearest whole cent.

2.3.3. Northgate acknowledges that one person holds Young-Davidson Broker Unit Warrants to purchase an aggregate of 55,555 units of Young-Davidson, at a price of $0.90 per unit, each unit comprised of one Young-Davidson Share and one-half of one common share purchase warrant (a "Broker Warrant"), each whole Broker

Warrant entitling the holder to purchase one Young-Davidson Share at a price of \$1.10 per share until August 8, 2006. Northgate acknowledges and agrees that in accordance with the terms of the certificate representing such Young-Davidson Broker Unit Warrants, such Young-Davidson Broker Unit Warrants will, after the Amalgamation, be exercisable for that number of units in the capital of Northgate (the "Northgate Units"), each Northgate Unit comprised of one Northgate Share and one-half of one common share purchase warrant in the capital of Northgate ("Northgate Warrants"), equal to the number of Young-Davidson Shares and Broker Warrants issuable under each such Young-Davidson Broker Unit Warrant multiplied by the Exchange Ratio, rounded down to the nearest whole number of Northgate Units at a per Northgate Unit exercise price equal to the exercise price at which such Young-Davidson Broker Unit Warrants were exercisable immediately prior to the Amalgamation divided by the Exchange Ratio, rounded up to the nearest whole cent. Northgate further acknowledges and agrees that, after the Amalgamation, the Northgate Warrants will be exercisable for that number of whole Northgate Shares equal to the number of Young-Davidson Shares issuable under each such Broker Warrant multiplied by the Exchange Ratio, rounded down to the nearest whole number of Northgate Shares, at a per Northgate Share exercise price equal to the exercise price at which such Broker Warrants were exercisable immediately prior to the Amalgamation divided by the Exchange Ratio, rounded up to the nearest whole cent.

ARTICLE 3
PUBLICITY

So long as this Agreement is in effect, each of Northgate, Northgate Subco and Young-Davidson shall advise, consult and cooperate with each other prior to issuing, or permitting any of its directors, officers, employees or agents to issue, any press release or other written public or private statement to the press with respect to this Agreement and the transactions contemplated hereby from the date hereof until the Effective Date. Northgate, Northgate Subco and Young-Davidson shall not issue any such press release or make any such written public or private statement prior to such consultation, except as may be required by applicable Law or by obligations pursuant to any listing agreement with a stock exchange and only after using its reasonable efforts to consult with the other party taking into account the time constraints to which it is subject as a result of such Law or obligation.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Young-Davidson

Young-Davidson hereby represents and warrants (and, as applicable, covenants) to Northgate as follows and acknowledges that Northgate is relying upon the material aspects of these representations and warranties in connection with the entering into of this Agreement:

4.1.1. Organization and Qualification

Young-Davidson is a corporation or company duly incorporated and organized and validly subsisting under the Laws of its jurisdiction of incorporation and has the requisite corporate power and capacity to own its properties and carry on its business as now owned and being conducted. Young-Davidson is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect. Young-Davidson has no Subsidiaries or partnership interests.

4.1.2. Authority Relative to this Agreement

Young-Davidson has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by Young-Davidson's board of directors, and other than the Young-Davidson Meeting, no other corporate proceedings on the part of Young-Davidson are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Young-Davidson and constitutes a valid and legally binding obligation of Young-Davidson enforceable against Young-Davidson in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.

4.1.3. No Violations

4.1.3.1 Except as set forth in the Disclosed Information, neither the execution and delivery of this Agreement by Young-Davidson, the consummation by it of the transactions contemplated hereby nor compliance by Young-Davidson with any of the provisions hereof will:

4.1.3.1.1 violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Young-Davidson under any of the terms, conditions or provisions of (x) the Young-Davidson Governing Documents or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Young-Davidson is a party or to which Young-Davidson, or any of its properties or assets, may be subject or by which Young-Davidson is bound (except, in the case of each of clauses (x) and (y) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect);

4.1.3.1.2 subject to compliance with the statutes and regulations referred to in Section 4.1.3.2 hereof, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Young-Davidson; or

4.1.3.1.3 cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would have a Material Adverse Effect.

4.1.3.2 Other than pursuant to or in compliance with the provisions of corporate Laws, securities Laws, the rules of the TSX Venture Exchange and any pre-merger notification provisions in applicable statutes, and except for filings or registrations which, if not made, or for authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect on the ability of Young-Davidson to consummate the business combination transaction contemplated hereby, no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Young-Davidson in connection with the making or the consummation of the transactions contemplated in this Agreement.

4.1.4. Capitalization

4.1.4.1 As of the date hereof, the authorized share capital of Young-Davidson consists of an unlimited number of Young-Davidson Shares. As of the date hereof, 18,095,671 Young-Davidson Shares are issued and outstanding, of which 2,206,935 Young-Davidson Shares are being held in escrow pursuant to the policies of the TSX Venture Exchange. As of the date hereof, one person holds Young-Davidson Options to purchase an aggregate of 600,000 Young-Davidson Shares at a price of $0.50 per Share. As of the date hereof, an aggregate of [___] persons hold Young-Davidson Warrants to purchase an aggregate of 427,778 Young-Davidson Shares at prices ranging from $0.65 to $1.10 per Young-Davidson Share. As of the date hereof, one person holds 55,555 Young-Davidson Broker Unit Warrants. Except as set forth above in this Section 4.1.4 and except as may otherwise be agreed in writing by Young-Davidson and Northgate, there are no stock options, warrants or other rights (including convertible or exchangeable securities), agreements or commitments of any character whatsoever (contingent or otherwise) requiring the issuance, sale or transfer by

Young-Davidson of any shares in the capital of Young-Davidson (including the outstanding Young-Davidson Shares) or any securities convertible into or exchangeable or exercisable for or otherwise evidencing a right to acquire, any shares in the capital of Young-Davidson (including Young-Davidson Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangement or commitments based upon the book value, income or other attribute of Young-Davidson. All outstanding Young-Davidson Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all authorized but unissued Young-Davidson Shares issuable upon exercise of Young-Davidson Options in accordance with the terms of issuance thereof will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.

4.1.5. Title to Mineral Properties

Young-Davidson holds the following interests in mineral properties:

4.1.5.1 Young-Davidson is the registered and/or beneficial holder of the mineral properties set out in Appendix 1 of the Matachewan Technical Report (the "Mineral Properties"), free and clear of any lien, encumbrance, security interest and right of others other than as set out in the Matachewan Technical Report or other Disclosed Information.

4.1.5.2 Young-Davidson is a party to the option and royalty agreements described in the Disclosed Information in respect of the Mineral Properties (the "Mineral Property Agreements").

In respect of the Mineral Properties and the Mineral Property Agreements, as of the date hereof:

4.1.5.3 Young-Davidson is complying with the terms and conditions of all material licenses and permits held by it with respect to the Mineral Properties.

4.1.5.4 Each of the Mineral Property Agreements is valid and enforceable as per its terms, remains in full force and effect with Young-Davidson complying with its terms and conditions, and Young-Davidson has not received any notice of default thereunder.

4.1.5.5 The Mineral Properties have been duly and validly located and recorded pursuant to the *Mining Act* (Ontario), and is in good standing in the office of the Mining Recorder on the date hereof and until the dates set out in Appendix 1 of the Matachewan Technical Report or the Disclosed Information.

4.1.5.6 Other than as disclosed in the Matachewan Technical Report or the Disclosed Information, there is no adverse claim or challenge against or to the ownership of or title to the Mineral Properties, nor to the knowledge of Young-Davidson is there any basis therefor, and there are no outstanding agreements or options to acquire or purchase the Mineral Properties or any portion thereof, and no person has any royalty or other interest whatsoever in production from the Mineral Properties.

4.1.5.7 There is no outstanding directive or order or similar notice issued by any regulatory agency, including agencies responsible for environmental matters, affecting the Mineral Properties or Young-Davidson nor is there any reason to believe that such an order, directive or similar notice is pending. Young-Davidson also represents that all work carried out on the Mineral Properties has been done in full compliance with all applicable laws and regulations.

4.1.6. <u>No Material Adverse Change</u>

Except as set forth in the Disclosed Information or as publicly disclosed by Young-Davidson since December 31, 2004 through to the date hereof, Young-Davidson has conducted its business only in the ordinary and regular course of business consistent with past practice and there has not been any Material Adverse Change.

4.1.7. <u>No Undisclosed Material Liabilities</u>

Except:

4.1.7.1 as set forth in the Disclosed Information or as disclosed or reflected in the audited consolidated financial statements of Young-Davidson as at and for the year ended December 31, 2004 and the unaudited interim consolidated financial statements of Young-Davidson as at and for the quarter ended June 30, 2005, previously delivered to Northgate as part of the Disclosed Information; and

4.1.7.2 for liabilities and obligations:

4.1.7.2.1 incurred in the ordinary course of business and consistent with past practice; or

4.1.7.2.2 pursuant to the terms of this Agreement;

Young-Davidson has not incurred any liabilities of any nature, whether accrued, contingent or otherwise that have constituted or would be reasonably likely to constitute a Material Adverse Change.

4.1.8. Personnel Obligations

There are no Personnel Obligations other than as set forth in the Disclosed Information.

4.1.9. Securities Matters and Reports

Young-Davidson has heretofore made available to Northgate true and complete copies of Young-Davidson's Annual Report for the year ended December 31, 2005 and Management Information Circular dated April 28, 2005 (collectively, the "Public Documents"). As of their respective dates of filing, the Public Documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and complied in all material respects with securities Laws. The audited financial statements and unaudited interim financial statements of Young-Davidson publicly issued by Young-Davidson, previously delivered to Northgate, or included or incorporated by reference in such form, statements, prospectuses and other offering documents were prepared in accordance with GAAP and fairly present the financial position, results of operations and changes in financial position of Young-Davidson as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

4.1.10. Compliance with Law

Young-Davidson has complied with and is in compliance with all Laws and regulations applicable to the operation of its businesses, except where non-compliance with such Laws and regulations would not, considered individually or in the aggregate, have a Material Adverse Effect or would materially affect the ability of Young-Davidson to consummate the transactions contemplated hereby.

4.1.11. Books and Records

The corporate records and minute books of Young-Davidson have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

4.1.12. Litigation, etc.

Except as disclosed in the Disclosed Information prior to the date hereof, there are no actions, suits or proceedings pending, or to the knowledge of Young-Davidson, threatened against Young-Davidson before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves a possibility of any judgment against or liability of Young-Davidson or other person which, if successful, would have a Material Adverse Effect, or materially adversely affect the ability of Young-Davidson to perform its obligations hereunder.

4.1.13. Environmental

Except as set forth in the Disclosed Information:

4.1.13.1 Young-Davidson is not aware of and it has not received:

4.1.13.1.1 any order or directive which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures; or

4.1.13.1.2 any demand or notice with respect to the material breach of any environmental, health or safety Law applicable to Young-Davidson or any of its business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants;

4.1.13.2 Young-Davidson has not received notice of and is not aware of any material environmental liabilities related to its assets;

4.1.13.3 all material environmental and health and safety permits, licenses, approvals, consents, certificates and other authorizations of any kind or nature ("Environmental Permits") necessary for the current ownership, operation as currently operated, development, maintenance, or use of any of the assets as currently contemplated have been obtained and maintained in effect; and

4.1.13.4 Young-Davidson, its assets and the current ownership, operation, development, maintenance and use thereof are in material compliance with all environmental Laws and with all terms and conditions of all Environmental Permits.

For purposes of this Section 4.1.13, Young-Davidson provides each of the representations and warranties to its knowledge, without inquiry, with respect to those operations and assets which it does not operate.

4.1.14. Material Agreements

There are no agreements, permits, licenses, approvals, certificates, rights and authorizations, material to the conduct of Young-Davidson's business except as disclosed in the Disclosed Information. Unless otherwise disclosed in the Disclosed Information all such agreements, permits, licenses, approvals, certificates, rights and authorizations are valid and subsisting, in accordance with their respective terms and except as disclosed in the Disclosed Information or as otherwise disclosed in writing to Northgate, Young-Davidson is not in material default under any of such agreements, permits, licenses, approvals, certificates, rights or authorizations. Except as disclosed in the Disclosed Information or as otherwise disclosed in writing to Northgate, Young-Davidson is not a party to any agreement or other writing that would require any payment or the obtaining of a consent in connection with a change of control of Young-Davidson.

4.2 Representations and Warranties of Northgate and Northgate Subco

Each of Northgate and Northgate Subco hereby represents and warrants to Young-Davidson as follows and acknowledges that Young-Davidson is relying upon these representations and warranties in connection with the entering into of this Agreement:

4.2.1. Organization and Qualification

Each of Northgate and its Subsidiaries is a corporation or company duly incorporated and organized and validly subsisting under the Laws of its jurisdiction of incorporation and has the requisite corporate power and capacity to own its properties and carry on its business as now owned and being conducted. Each of Northgate and its Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Northgate Material Adverse Effect.

4.2.2. Authority Relative to this Agreement

Each of Northgate and Northgate Subco has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by each of Northgate and Northgate Subco of the transactions contemplated hereby have been duly authorized by the boards of directors of each of Northgate and Northgate Subco, respectively, and no other corporate proceedings on the part of Northgate or Northgate Subco are or will be necessary to authorize this

Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of Northgate and Northgate Subco and constitutes a valid and legally binding obligation of each of Northgate and Northgate Subco enforceable against Northgate and Northgate Subco in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.

4.2.3. <u>No Violations</u>

4.2.3.1 Neither the execution and delivery of this Agreement by Northgate and Northgate Subco, the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will:

4.2.3.1.1 violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Northgate or any of its Subsidiaries under any of the terms, conditions or provisions of (x) the Northgate Governing Documents or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien or contract or other instrument or obligation to which Northgate or any of its Subsidiaries is a party or to which any of them, or any of their properties or assets, may be subject or by which Northgate or any of its Subsidiaries is bound (except, in the case of each of clauses (x) and (y) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens, security interests, charges or encumbrances which, or any consents, approvals or notices which if not given or received, would not have any Northgate Material Adverse Effect or on the ability of Northgate to consummate the transactions contemplated hereby);

4.2.3.1.2 subject to compliance with the statutes and regulations referred to in Section 4.2.3.2, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Northgate or any of its Subsidiaries; or

4.2.3.1.3 cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would have a Northgate Material Adverse Effect.

4.2.3.2 Other than pursuant to or in compliance with the provisions of corporate Laws, securities Laws, the rules of the Toronto Stock

Exchange, the rules of the American Stock Exchange and any pre-merger notification provisions in applicable statutes, and except for filings or registrations which, if not made, or for authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect on the ability of Northgate to consummate the business combination transaction contemplated hereby, no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Northgate in connection with the making or the consummation of the transactions contemplated in this Agreement.

4.2.4. Capitalization

As of the date hereof, the authorized share capital of Northgate consists of 100,000,000,000,000 of Northgate Shares, 100,000,000,000,000 Class A preference shares, without par value, of which 100,000,000,000 have been designated series 1 and 100,000,000,000 as series 2 and 100,000,000,000,000 Class B preference shares, without par value. As of the date hereof, 200,686,464 Northgate Shares are issued and outstanding and no Class A or Class B preference shares are issued and outstanding. As of the date hereof, an aggregate of 62 persons hold options to purchase an aggregate of 4,462,400 Northgate Shares. As of the close of business on September 7, 2005, Northgate has 38,182,334 common share purchase warrants outstanding (which warrants are listed and trade on the Toronto Stock Exchange) to acquire in the aggregate 38,182,334 Northgate Shares at an exercise price of $3.00 until December 28, 2006. Except as set forth above in this Section 4.2.4, there are no stock options, warrants or other rights (including convertible or exchangeable securities), agreements or commitments of any character whatsoever (contingent or otherwise) requiring the issuance, sale or transfer by Northgate of any shares in the capital of Northgate or any securities convertible into or exchangeable or exercisable for or otherwise evidencing a right to acquire, any shares in the capital of Northgate, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangement or commitments based upon the book value, income or other attribute of Northgate.

4.2.5. No Material Adverse Change

Except as publicly disclosed by Northgate since December 31, 2004 through to the date hereof, Northgate has conducted its business only in the ordinary and regular course of business consistent with past practice and there has not been any Northgate Material Adverse Change.

4.2.6. Securities Matters and Reports

Northgate has heretofore made available to Young-Davidson true and complete copies of Northgate's (i) Annual Information Form dated March 31, 2005, (ii)

Annual Report for the year ended December 31, 2004, (iii) Management Information Circular dated March 29, 2005, (iv) quarterly reports for the financial periods ended March 31, 2005 and June 30, 2005, and (v) all news releases and other publicly available disclosure documents filed with the Securities Authorities since January 1, 2005 (collectively, the "Northgate Public Documents"). As of their respective dates, the Northgate Public Documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and complied in all material respects with securities Laws. The audited financial statements and unaudited interim financial statements of Northgate publicly issued by Northgate, previously delivered to Young-Davidson, or included or incorporated by reference in such form, statements, prospectuses and other offering documents were prepared in accordance with GAAP and fairly represent the financial position, results of operations and changes in financial position of Northgate as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

4.2.7. Northgate Shares

Northgate has reserved a sufficient number of Northgate Shares for issuance upon the completion of the Amalgamation. The Northgate Shares to be issued in connection with the Amalgamation will be duly and validly issued by Northgate on their respective dates of issue as fully paid and non-assessable securities.

4.2.8. Compliance with Laws

Northgate and its Subsidiaries have complied with and are in compliance with all Laws and regulations applicable to the operation of their respective businesses, except where such non-compliance would not, considered individually or in the aggregate, have a Northgate Material Adverse Effect or would materially affect the ability of Northgate to consummate the transactions contemplated hereby.

4.2.9. Litigation, etc.

Except as disclosed publicly or in writing by Northgate to Young-Davidson prior to the date hereof, there are no actions, suits or proceedings pending, or to the knowledge of Northgate, threatened against Northgate or any of its Subsidiaries before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves a possibility of any judgment against or liability of Northgate or any of its Subsidiaries or other person, which, if successful, would have a Northgate Material Adverse Effect, or materially adversely affect the ability of Northgate to perform its obligations hereunder.

4.2.10. Environmental

Except as disclosed publicly or in writing by Northgate to Young-Davidson:

4.2.10.1 Northgate is not aware of and neither it nor any of its Subsidiaries has received:

4.2.10.1.1 any order or directive which relates to environmental matters or which requires any material work, repairs, construction, or capital expenditures; or

4.2.10.1.2 any demand or notice with respect to the material breach of any environmental, health or safety Law applicable to Northgate or any its Subsidiaries or any of their respective business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants;

4.2.10.2 Northgate and its Subsidiaries have not received notice of and are not aware of any material environmental liabilities related to their respective assets;

4.2.10.3 all material environmental and health and safety permits, licenses, approvals, consents, certificates and other authorizations of any kind or nature ("Environmental Permits") necessary for the ownership, operation, development, maintenance, or use of any of the assets have been obtained and maintained in effect; and

4.2.10.4 Northgate and its Subsidiaries, their respective assets and ownership, operation, development, maintenance and use thereof are in material compliance with all environmental Laws and with all terms and conditions of all Environmental Permits.

4.2.11. Title to Mineral Properties

Northgate is the registered and/or beneficial holder of the mineral properties set out in the Technical Report on the Kemess South Mine by Brian O'Connor, P. Geo. dated effective as of April 27, 2005 and the Revised Mineral Reserve and Resource, Kemess North Project by J.H. Gray, P. Eng., R.J. Morris, P. Geo., A. Arik and F.C. Edmunds, P. Geo. dated May 2, 2005 (collectively, the "Northgate Reports") and the Northgate Public Documents, free and clear of any lien, encumbrance, security interest and right of others other than as set out in the Northgate Reports and the Northgate Public Documents. In respect of the mineral properties set out in the Northgate Reports and the Northgate Public Documents, as of the date hereof:

4.2.11.1 Northgate is complying with the terms and conditions of all material licenses and permits held by it with respect to such mineral properties.

4.2.11.2 The mineral properties have been duly and validly located and recorded pursuant to applicable mining legislation on the date hereof.

4.2.11.3 Other than as disclosed in the Northgate Reports and the Northgate Public Documents, there is no adverse claim or challenge against or to the ownership of or title to the mineral properties, nor to the knowledge of Northgate is there any basis therefore, and there are no outstanding agreements or options to acquire or purchase the mineral properties or any portion thereof, and no person has any royalty or other interest whatsoever in production from the mineral properties.

4.2.11.4 Other than as set out in the Northgate Reports and the Northgate Public Documents, there is no outstanding directive or order or similar notice issued by any regulatory agency, including agencies responsible for environmental matters, affecting the mineral properties or Northgate nor its there any reason to believe that such an order, directive or similar notice is pending. Northgate also represents that all work carried out on the mineral properties has been done in full compliance with all applicable laws and regulations.

4.2.12. No Undisclosed Material Liabilities

Except:

4.2.12.1 as set forth in the Northgate Public Documents or as disclosed or reflected in the audited consolidated financial statements of Northgate as at and for the year ended December 31, 2004 and the unaudited interim consolidated financial statements of Northgate as at and for the quarter ended June 30, 2005; and

4.2.12.2 pursuant to the terms of this Agreement;

Northgate, together with its Subsidiaries, taken as a whole, has not incurred any liabilities of any nature, whether accrued, contingent or otherwise that have constituted or would be reasonably likely to constitute a Northgate Material Adverse Change.

4.2.13. Material Agreements

All agreements, permits, licenses, approvals, certificates, rights and authorizations, material to the conduct of Northgate's business are valid and subsisting, in accordance with their respective terms and except as disclosed in the Northgate Public Documents or as otherwise disclosed in writing to Young-Davidson, Northgate is not in material default under any of such agreements, permits, licenses, approvals, certificates, rights or authorizations.

For purposes of the representations and warranties in Sections 4.2.10, 4.2.11, 4.2.12 and 4.2.13, Northgate provides each of the representations and warranties to its knowledge, without inquiry, with respect to those operations and assets which it does not operate.

4.3 Survival

For greater certainty, the representations and warranties of each of Northgate, Northgate Subco and Young-Davidson contained herein shall survive the execution and delivery of this Agreement and shall terminate and be extinguished on the earlier of the termination of this Agreement in accordance with its terms and the Effective Time.

ARTICLE 5
CONDUCT OF BUSINESS

5.1 Conduct of Business by Young-Davidson

Except as required by Law or is otherwise expressly permitted or specifically contemplated by this Agreement, Young-Davidson covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Effective Time or the time that this Agreement is terminated by its terms, unless Northgate shall otherwise agree in writing:

5.1.1 Young-Davidson shall conduct business in, and not take any action except in, the usual and ordinary course of business and consistent with past practice, and Young-Davidson shall use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships.

5.1.2 Young-Davidson shall not directly or indirectly do or permit to occur any of the following:

5.1.2.1 amend the Young-Davidson Governing Documents;

5.1.2.2 declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any Person;

5.1.2.3 issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Young-Davidson, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Young-Davidson Shares, other than common shares issuable pursuant to the terms of the Young-Davidson Options, the Young-Davidson Warrants and the Young-Davidson Broker Unit Warrants;

5.1.2.4 redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid, unless permitted by this Agreement;

5.1.2.5 split, combine or reclassify any of its shares;

5.1.2.6 adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Young-Davidson;

5.1.2.7 reduce its stated capital; or

5.1.2.8 enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.

5.1.3 Young-Davidson shall not, other than in the ordinary course of business and consistent with past practice, or as required or contemplated by this Agreement, without prior consultation with and the consent of Northgate, directly or indirectly do any of the following:

5.1.3.1 sell, pledge, dispose of or encumber any assets;

5.1.3.2 acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by purchase of shares or securities, contributions of capital or property transfer;

5.1.3.3 acquire any material assets;

5.1.3.4 incur any indebtedness for borrowed money other than pursuant to existing facilities or accounts payable incurred in the ordinary course of business, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than the Personnel Obligations and fees payable to legal and accounting advisors in the ordinary course and fees payable to legal, accounting, engineering and financial advisors in connection with the matters and transactions contemplated by this Agreement;

5.1.3.5 authorize, recommend or propose any release or relinquishment of any material contractual right;

5.1.3.6 waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document;

5.1.3.7 enter into or terminate any hedges, swaps or other similar financial instruments or transactions;

5.1.3.8 enter into any agreements with directors or officers of Young-Davidson or their respective Affiliates; or

5.1.3.9 authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing.

5.1.4 From the date hereof, Young-Davidson will not without prior consultation with and the consent of Northgate enter into new commitments of a capital expenditure nature or incur any new contingent liabilities other than (i) ordinary course expenditures, (ii) expenditures required by Law, (iii) expenditures made in connection with transactions contemplated in this Agreement, and (iv) capital expenditures required to prevent the occurrence of a Material Adverse Effect.

5.1.5 Notwithstanding Section 5.1.3, in no case shall Young-Davidson create any new Personnel Obligations and, except for payment of the existing Personnel Obligations (from which Young-Davidson shall make appropriate withholdings as required by applicable tax Laws), Young-Davidson shall not grant to any officer or director an increase in compensation in any form, grant any general salary increase other than in accordance with the requirements of any existing collective bargaining or union contracts, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business consistent with past practices, make any loan to any officer or director, or take any action with respect to the grant of any severance or termination pay arising from the Amalgamation or a change of control of Young-Davidson or the entering into of any employment agreement with, any senior officer or director, or with respect to any increase of benefits payable under its current severance or termination pay policies.

5.1.6 Young-Davidson shall not hire any additional employee or retain the services of any additional advisor or consultant without having obtained Northgate's prior written consent.

5.1.7 Young-Davidson shall not adopt or amend or make any contribution to any bonus, profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the Law or with respect to existing provisions of any such plans, programs, arrangements or agreements without the consent of Northgate.

5.2 Conduct of Business by Northgate

Except as required by Law or as otherwise expressly permitted or specifically contemplated by this Agreement, each of Northgate and Northgate Subco covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Effective Time or the time that this Agreement is terminated by its terms, unless Young-Davidson shall otherwise agree in writing:

5.2.1 Northgate shall, and shall cause its Subsidiaries to conduct business in, and not take any action except in, the usual and ordinary course of business and consistent with past practice, and Northgate shall and shall cause its Subsidiaries to use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships.

5.2.2 Northgate shall not directly or indirectly do or permit to occur any of the following:

5.2.2.1 amend the Northgate Governing Documents;

5.2.2.2 declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any Person other than the inter-corporate loans and advances;

5.2.2.3 issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Northgate, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Northgate, Shares other than common shares issuable pursuant to the terms of the share purchase options granted under Northgate's long term incentive plan and being outstanding and unexercised on the date hereof, and the terms of the common share purchase warrants referred to in Section 4.2.4;

5.2.2.4 redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid;

5.2.2.5 split, combine or reclassify any of its shares;

5.2.2.6 adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Northgate or any of its Subsidiaries;

5.2.2.7 reduce its stated capital; or

5.2.2.8 enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.

5.3 Integration of Operations

From and after the mailing of the Information Circular, Northgate and its representatives will be permitted reasonable access to Young-Davidson's management personnel and employees to permit Northgate to be in a position to expeditiously integrate the business and operations of Young-Davidson with those of Northgate immediately upon but not prior to, the Effective Time, provided such reasonable access does not cause any unreasonable disruptions to Young-Davidson's business or operations prior to the Effective Time.

ARTICLE 6
COVENANTS OF YOUNG-DAVIDSON

6.1 Recommendation of Amalgamation

The board of directors of Young-Davidson shall recommend to the Young-Davidson Shareholders the approval of the Special Resolution and shall not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Northgate such recommendation or take any action or make any statement in connection with the Young-Davidson Meeting inconsistent with such recommendation; provided, however, that the board of directors of Young-Davidson may withdraw, modify or change its recommendation or take any action or make any statement in connection with the Young-Davidson Meeting inconsistent with such recommendation if, prior to the approval of the Amalgamation by the Young-Davidson Shareholders, Young-Davidson receives a Superior Proposal that was not solicited or encouraged in violation of Section 6.4 and the board of directors of Young-Davidson determines in good faith that it is necessary for the board of directors of Young-Davidson to take such action in order to discharge properly its fiduciary duties or to comply with applicable Laws, and the board of directors otherwise acts consistently with Section 6.4.

6.2 Representations and Warranties

Except as expressly permitted or specifically contemplated by this Agreement, Young-Davidson covenants and agrees that from the date hereof until termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representation and warranties set out in Section 4.1 being untrue in any material respect.

6.3 Notice of Material Change

From the date hereof until the termination of this Agreement, Young-Davidson shall promptly notify Northgate in writing of:

6.3.1 any material change (actual, anticipated, contemplated or, to the knowledge of Young-Davidson, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of Young-Davidson;

6.3.2 any change in the facts relating to any representation or warranty set out in Section 4.1 hereof which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or

6.3.3 any material fact which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.

Young-Davidson shall in good faith discuss with Northgate any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Young-Davidson, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Northgate pursuant to this section.

6.4 No Solicitation

Young-Davidson shall not, directly or indirectly, through any officer, director, employee, representative or agent of Young-Davidson, solicit, initiate or knowingly encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of a Competing Proposal; provided, however, that nothing contained in this Agreement shall prevent the board of directors of Young-Davidson from considering, negotiating, accepting, approving, recommending to its shareholders or entering into an agreement, understanding or arrangement in respect of a *bona fide*, written Competing Proposal that is not solicited after the date hereof where the Person making such Competing Proposal or the making of the Competing Proposal is not in breach of any agreement between such Person and Young-Davidson and (a) in respect of which any required financing has been demonstrated to the satisfaction of the board of directors of Young-Davidson, acting in good faith, to be reasonably likely to be obtained and (b) in respect of which the board of directors of Young-Davidson, supported by an opinion from Young-Davidson's financial advisors, determines in good faith is, or would be, if consummated in accordance with its terms, reasonably expected to result in a transaction more favourable to its shareholders than the Amalgamation (any such Competing Proposal being referred to herein as a "Superior Proposal").

6.5 Other Covenants

Young-Davidson covenants and agrees that it shall:

6.5.1 use all commercially reasonable efforts to consummate the Amalgamation, subject only to the terms and conditions hereof and thereof;

6.5.2 use all commercially reasonable efforts to obtain all appropriate Regulatory Approvals; and

6.5.3 not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever is first.

ARTICLE 7
COVENANTS OF NORTHGATE AND NORTHGATE SUBCO

7.1 Representations and Warranties

Each of Northgate and Northgate Subco covenants and agrees that, from the date hereof until termination of this Agreement, it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in Section 4.2 hereof being untrue in any material respect.

7.2 Notice of Material Change

From the date hereof until the termination of this Agreement, each of Northgate and Northgate Subco, as the case may be, shall promptly notify Young-Davidson in writing of:

7.2.1 any material change (actual, anticipated, contemplated or, to the knowledge of Northgate or any of its Subsidiaries, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of Northgate and its Subsidiaries, taken as whole;

7.2.2 any change in the facts relating to any representation or warranty set forth in Section 4.2 hereof which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or

7.2.3 any material fact which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.

Each of Northgate or Northgate Subco, as the case may be, shall in good faith discuss with Young-Davidson any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Northgate or any of its Subsidiaries, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Young-Davidson pursuant to this section.

7.3 Other Covenants

Each of Northgate and Northgate Subco covenants and agrees that it shall:

7.3.1 use all commercially reasonable efforts to consummate the Amalgamation, subject only to the terms and conditions hereof and thereof;

7.3.2 use all commercially reasonable efforts to obtain all appropriate Regulatory Approvals;

7.3.3 not take any action or permit any of its Subsidiaries to take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever is first;

7.3.4 not split, consolidate or reclassify any of the outstanding Northgate Shares, nor declare, set aside or pay any dividends on or make any other distributions on or in respect of the outstanding Northgate Shares, other than normal and customary dividends on Northgate Shares; and

7.3.5 not reorganize, amalgamate or merge Northgate with any other person, nor acquire by amalgamating, merging or consolidating with, purchasing a majority of the voting securities or substantially all of the assets of or otherwise, any business or Person which acquisition or other transaction would reasonably be expected to prevent or materially delay the transactions contemplated hereby.

ARTICLE 8
MUTUAL COVENANTS

8.1 Other Filings

Northgate and Young-Davidson shall, as promptly as practicable hereafter, prepare and file all filings required under any securities Laws, the rules of the Toronto Stock Exchange, the rules of the TSX Venture Exchange, the rules of the American Stock Exchange or any other applicable Laws relating to the transactions contemplated hereby.

8.2 Additional Agreements

Subject to the terms and conditions of this Agreement and subject to fiduciary obligations under applicable Laws, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts:

8.2.1 to obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements (including, without limitation, the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Young-Davidson's operations);

8.2.2 to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby;

8.2.3 to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions contemplated hereby;

8.2.4 to effect all necessary registrations and other filings and submissions of information requested by Governmental Authorities; and

8.2.5 to fulfill all conditions and satisfy all provisions of this Agreement.

For purposes of the foregoing, the obligation to use "commercially reasonable efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other parties.

8.3 <u>Northgate Access to Information</u>

Notwithstanding the investigation of Young-Davidson conducted by or on behalf of Northgate prior to the execution of this Agreement, Young-Davidson shall give Northgate and its authorized agents reasonable ongoing access during the term of this Agreement, upon reasonable notice to Young-Davidson, to all of Young-Davidson's information, senior personnel, properties, books, records, agreements and commitments, as Northgate may reasonably require, on and subject to the terms set forth in the Confidentiality Agreement. In addition, Young-Davidson shall co-operate with Northgate and any such authorized persons in their review and furnish such persons with all material information with respect to Young-Davidson and their ongoing operations and activities as Northgate or any person authorized by them may reasonably request, provided that Northgate shall designate the individual or individuals to co-ordinate such access and further provided that Northgate shall not unreasonably disrupt the normal business operations of Young-Davidson. Young-Davidson's obligations under this Section are subject to any legally binding obligations of confidentiality in favour of any third party. The provisions of the Confidentiality Agreement shall continue to apply, mutatis mutandis, to all information so provided to Northgate.

ARTICLE 9
CONDITIONS

9.1 Mutual Conditions Precedent

The respective obligations of the parties hereto to complete the Amalgamation and the other transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which may be waived only by the mutual consent of Northgate, Northgate Subco and Young-Davidson:

9.1.1 the Special Resolution shall have been approved;

9.1.2 there shall not be in force any order or decree restraining or enjoining the consummation of the Amalgamation or the other transactions contemplated by this Agreement;

9.1.3 this Agreement shall not have been terminated pursuant to ARTICLE 10;

9.1.4 the Northgate Shares issuable pursuant to the Amalgamation shall have been conditionally approved for listing on the Toronto Stock Exchange, subject to the filing of required documentation;

9.1.5 all Regulatory Approvals shall have been obtained; and

9.1.6 Northgate's lenders shall have consented to the Amalgamation prior to the Effective Date.

If any of the above conditions shall not have been complied with or waived by the parties on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then a party may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the party terminating the Agreement. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by a party of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, such defaulting party shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

9.2 Additional Conditions Precedent to the Obligations of Northgate and Northgate Subco

The obligations of Northgate and Northgate Subco to complete the transactions contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of Northgate and Northgate Subco and may be waived by Northgate and Northgate Subco and any one or more of which, if not satisfied or waived, will relieve Northgate and Northgate Subco of any obligation under this Agreement):

9.2.1 no Material Adverse Change with respect to Young-Davidson shall have occurred between the date hereof and the Effective Date;

9.2.2 Young-Davidson shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of Young-Davidson contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching party has been given written notice by the other party specifying in reasonable detail any such misrepresentation, breach or non-performance, the breaching party shall have had three days to cure such misrepresentation, breach or non-performance); the president of Young-Davidson or another officer satisfactory to Northgate shall so certify immediately prior to the Effective Date, as well as certifying that Young-Davidson meets the requirements set out in Section 178(2) of the OBCA in respect of the Amalgamation;

9.2.3 the Young-Davidson board shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by Young-Davidson to permit the consummation of the Amalgamation;

9.2.4 from the date of this Agreement until the date upon which the Young-Davidson Shareholders approve the Amalgamation, the board of directors of Young-Davidson shall not have withdrawn, modified or changed in a manner adverse to Northgate its recommendation to Young-Davidson Shareholders to vote in favour of the Special Resolution;

9.2.5 Northgate shall be satisfied, acting reasonably, that all documentation that has been filed with, or otherwise transmitted to, and all steps that have been taken for the assignment or transfer of the Mineral Property Agreements; and

9.2.6 Young-Davidson Shareholders holding not more than 5% of the outstanding Young-Davidson Shares shall have exercised their dissent rights in respect of the Amalgamation.

If any of the above conditions shall not have been complied with or waived by the parties on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in Section 9.2.2, Northgate and Northgate Subco may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Northgate or Northgate Subco. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by Northgate or Northgate Subco of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, such party shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

9.3 Additional Conditions Precedent to the Obligations of Young-Davidson

The obligations of Young-Davidson to complete the transactions contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, to each of the following conditions precedent (each of which is for the exclusive benefit of Young-Davidson and may be waived by Young-Davidson and any one or more of which, if not satisfied or waived, will relieve Young-Davidson of any obligation under this Agreement):

9.3.1 no Northgate Material Adverse Change shall have occurred between the date hereof and the Effective Date;

9.3.2 Northgate shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of Northgate contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching party has been given written notice by the other party specifying in reasonable detail any such misrepresentation, breach or non-performance, the breaching party shall have had three days to cure such misrepresentation, breach or non-performance); the president of Northgate or another officer satisfactory to Young-Davidson shall so certify immediately prior to the Effective Date, as well as certifying that Northgate Subco meets the requirements set out in Section 178(2) of the OBCA in respect of the Amalgamation; and

9.3.3 the Northgate and Northgate Subco boards shall have adopted all necessary resolutions and Northgate Subco and all other necessary corporate actions shall have been taken by Northgate to permit the consummation of the Amalgamation.

If any of the above conditions shall not have been complied with or waived by the parties on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in Section 9.3.2, Young-Davidson may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Young-Davidson. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by Young-Davidson of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, Young-Davidson shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

ARTICLE 10
TERMINATION AND AMENDMENT

10.1 Termination

This Agreement may be terminated by written notice promptly given to the other party hereto, at any time prior to the Effective Date:

10.1.1 by mutual agreement in writing by Northgate and Young-Davidson;

10.1.2 by Northgate if (i) the Information Circular is not mailed to Young-Davidson Shareholders by October 25, 2005 or (ii) the Effective Date has not occurred by the Completion Deadline;

10.1.3 as set forth in Sections 9.1, 9.2 and 9.3 of this Agreement; or

10.1.4 by Young-Davidson or Northgate, if Young-Davidson's board of directors has received and, in good faith, recommended acceptance of a Superior Proposal.

10.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 10.1 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of Northgate or Young-Davidson hereunder except as set forth in Section 10.3 hereof and this Section 10.2, which provisions shall survive the termination of this Agreement. Nothing herein shall relieve any party from liability for any breach of this Agreement.

10.3 Termination Fee, Expenses

10.3.1 Provided that Northgate is not in breach of its material obligations, covenants and agreements under this Agreement, Young-Davidson agrees that if:

10.3.1.1 Northgate terminates this Agreement due to the breach by Young-Davidson of its obligations and covenants under this Agreement, unless such breach is attributable to the failure of the TSX Venture Exchange or other Securities Authorities or any other third party to provide any requisite approvals to the transactions contemplated by this Agreement;

10.3.1.2 Northgate terminates this Agreement under Section 10.1.4;

10.3.1.3 a Superior Proposal is publicly announced prior to the Completion Deadline and is successfully completed within six months of the Completion Deadline; or

10.3.1.4 the Special Resolution is not approved due to the breach by a Young-Davidson Shareholder of a voting agreement between such Young-Davidson Shareholder and Northgate;

Young-Davidson shall pay to Northgate an amount equal to $750,000 (the "Termination Fee"), payable (x) within five Business Days following a termination referred to in either Section 10.3.1.1 or Section 10.3.1.2, or (y) within five Business Days of the successful completion of the Superior Proposal referred to in Section 10.3.1.3.

10.3.2 Provided that Northgate is not in breach of its material obligations, covenants and agreements under this Agreement, Young-Davidson agrees that if:

10.3.2.1 Northgate terminates this Agreement due to the occurrence of a Material Adverse Change; or

10.3.2.2 any of the representations and warranties of Young-Davidson contained in this Agreement have ceased to be true and correct in all material respects (provided, however, that Young-Davidson has been given written notice by Northgate specifying in reasonable detail any such misrepresentation and shall have had three days to cure such misrepresentation);

Young-Davidson shall reimburse Northgate's reasonable out-of-pocket expenses (including, without limitation, reasonable legal counsel fees and disbursements), provided, however, for greater certainty, that no such reimbursement shall be payable if a Termination Fee is payable under Section 10.3.1.

10.4 Amendment

This Agreement may, at any time on or before the Effective Date be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

10.5 Waiver

Northgate, on the one hand, and Young-Davidson, on the other hand, may (i) extend the time for the performance of any of the obligations or other acts of the other, (ii) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein or (iii) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE 11
GENERAL

11.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or sent by prepaid overnight courier to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

(a) if to Northgate:

Northgate Minerals Corporation
18 King Street East, Suite 1602
Toronto, Ontario M5C 1C4

Attention: Christopher J. Rockingham
Facsimile: (416) 363-6392

with a copy to:

Fraser Milner Casgrain LLP
1500 – 1040 West Georgia Street
Vancouver, British Columbia V6E 4H8

Attention: Bruce M. McKay
Facsimile: (604) 683-5214

(b) if to Young-Davidson:

Young-Davidson Mines, Limited
80 Richmond Street West, Suite 605
Toronto, Ontario M5H 2S9

Attention: Thomas Obradovich, President and Chief Executive Officer
Facsimile: (416) 364-2630

with a copy to:

Goodman & Carr LLP
20th Floor, 200 King Street West
Toronto, Ontario M5H 3W5

Attention: Jay Goldman
Facsimile: (416) 595-0567

11.2 Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto without the prior written consent of the other party.

11.3 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

11.4 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.5 Counterpart Execution

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

11.6 Investigation by Parties

No investigations made by or on behalf of either party or any of their respective authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the other party in or pursuant to this Agreement.

IN WITNESS WHEREOF, Northgate and Young-Davidson have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NORTHGATE MINERALS CORPORATION

Per: Kenneth Stowe
Authorized Signatory

2080263 ONTARIO INC.

Per: Kenneth Stowe
Authorized Signatory

YOUNG-DAVIDSON MINES, LIMITED

Per: Thomas Obradovich
Authorized Signatory

SCHEDULE 1.1.6
AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 13th day of September, 2005,

BETWEEN:

NORTHGATE MINERALS CORPORATION, a company incorporated under the laws of the Province of British Columbia,

("Northgate")

AND:

2080263 ONTARIO INC., a corporation incorporated under the laws of the Province of Ontario,

("Northgate Subco")

AND:

YOUNG-DAVIDSON MINES, LIMITED, a corporation incorporated under the laws of the Province of Ontario,

("Young-Davidson")

RECITALS:

The authorized share capital of Northgate consists of 100,000,000,000,000 common shares without par value, 100,000,000,000,000 Class A preference shares, without par value, of which 100,000,000,000 have been designated series 1 and 1000,000,000,000 as series 2, and 100,000,000,000,000 Class B preference shares, without par value, of which 200,686,464 common shares in the share capital of Northgate are issued and outstanding and no Class A or Class B preference shares are issued and outstanding;

The authorized share capital of Northgate Subco consists of an unlimited number of common shares without nominal value, of which one common share in the share capital of Northgate Subco is issued and outstanding and is held by Northgate;

The authorized share capital of Young-Davidson consists of an unlimited number of common shares, without nominal value, of which 18,095,671 common shares in the share capital of Young-Davidson are issued and outstanding;

Northgate, Northgate Subco and Young-Davidson have entered into the Merger Agreement;

Northgate Subco and Young-Davidson, acting under the authority contained in the OBCA have agreed to amalgamate upon the terms and conditions hereinafter set out with effect from 12:01 A.M. (Toronto time) on the Effective Date;

The Amalgamation involves, *inter alia*, the issue of Northgate Shares to Young-Davidson Shareholders; and It is desirable that the Amalgamation should be effected.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

1. **Interpretation**

In this Agreement including the recitals:

"**Agreement**" means this agreement, its recitals and schedules, and any amendment made to this Agreement;

"**Amalgamated Corporation**" means the corporation resulting from the Amalgamation and continuing the corporate existence of the Amalgamating Corporations;

"**Amalgamating Corporation**" means each of Northgate Subco and Young-Davidson and "**Amalgamating Corporations**" means both of them;

"**Amalgamation**" means the amalgamation of the Amalgamating Corporations pursuant to the provisions of the OBCA in the manner contemplated in and pursuant to this Agreement;

"**Articles of Amalgamation**" means the articles of amalgamation giving effect to the Amalgamation to be filed with the Director appointed under the OBCA pursuant to this Agreement, in the form annexed hereto as Schedule "A";

"**Certificate of Amalgamation**" means the certificate of amalgamation to be issued by the Director appointed under the OBCA in respect of the Amalgamation;

"**Depository**" means Computershare Trust Company of Canada, the registrar and transfer agent for the Northgate Shares;

"**Dissenting Shareholder**" means any Young-Davidson Shareholder who, in connection with the special resolution of Young-Davidson Shareholders which approves and adopts this Agreement, has exercised the right to dissent pursuant to section 185 of the OBCA in strict compliance with the provisions thereof and thereby become entitled to receive, if the Amalgamation is completed, the fair value of his or her Young-Davidson Shares as determined by a court;

"**Effective Date**" means the "**Effective Date**" as defined in the Merger Agreement;

"**Merger Agreement**" means the merger agreement dated September 13, 2005 among Northgate, Northgate Subco and Young-Davidson;

"**Northgate Shares**" means the common shares in the share capital of Northgate;

"**Northgate Subco Shares**" means the common shares in the share capital of Northgate Subco;

"**OBCA**" means the *Business Corporations Act* (Ontario), R.S.O. 1990 c. B.16, as amended;

"**Young-Davidson Shareholder**" means a registered holder of Young-Davidson Shares, from time to time, and "**Young-Davidson Shareholders**" means all of such holders; and

"**Young-Davidson Shares**" means the common shares in the share capital of Young-Davidson issued and outstanding on the Effective Date.

In the event of any conflict between the provisions of this Agreement and the provisions of the Merger Agreement, the provisions of the Merger Agreement shall prevail.

2. Agreement to Amalgamate

Each of the parties hereto hereby agrees to the Amalgamation such that the Amalgamating Corporations shall continue as one corporation under the OBCA, on the terms and conditions set out in this Agreement.

3. Amalgamation Events

Upon the Amalgamation on the Effective Date:

(a) each Young-Davidson Share (other than those held by Northgate Subco and any Dissenting Shareholder) outstanding immediately prior to the Effective Date shall be cancelled and replaced by 0.7212 of a fully paid and non-assessable Northgate Share. No fractional Northgate Share will be issued or delivered to any Young-Davidson Shareholder otherwise entitled thereto. Instead, such Young-Davidson Shareholder will receive a cash payment in accordance with Section 6 hereof;

(b) each Young-Davidson Share outstanding immediately prior to the Effective Date and then held by Northgate Subco shall not be converted into shares in the share capital of the Amalgamated Corporation and shall be cancelled without any repayment of capital in respect thereof;

(c) each common share of Northgate Subco outstanding immediately prior to the Effective Date shall be converted into one common share in the share capital of the Amalgamated Corporation; and

(d) in consideration of the issuance by Northgate of Northgate Shares to Young-Davidson Shareholders pursuant to paragraph 3(a) hereof, Northgate shall receive one common share in the share capital of the Amalgamated Corporation for each Northgate Share issued by Northgate in connection with the Amalgamation.

4. **Delivery of Securities Following Amalgamation**

As soon as practicable following the Effective Date, Northgate shall cause the Depository to send to each Young-Davidson Shareholder (other than Northgate Subco and any Dissenting Shareholder) outstanding immediately prior to the Effective Date, by ordinary first class mail, and provided that the Depository has received the certificates evidencing such Young-Davidson Shares, certificates evidencing the Northgate Shares to which each such Young-Davidson Shareholder shall have become entitled in accordance with paragraph 3(a) hereof.

5. **Negative Covenants**

From the date hereof to and including the Effective Date, Northgate Subco covenants that it will not:

(a) reserve, allot, create, issue or distribute any of its securities other than (i) securities issuable upon the exercise, conversion or exchange of previously issued securities; or (ii) securities to be issued in order to effect the transactions described in the management proxy circular relating to a special meeting of shareholders of Young-Davidson to be held on November 1, 2005;

(b) declare or pay dividends on any of its shares other than as has been publicly disclosed as of the date hereof or make any other issue, payment or distribution to the holders of its securities including, without limitation, the issue, payment or distribution of any of its assets or property to such holders;

(c) authorize or take any action to amalgamate, merge, reorganize, effect an arrangement, liquidate, dissolve, wind-up or transfer all or substantially all of its undertaking or assets to another corporation or entity;

(d) reclassify the Northgate Subco Shares outstanding or change the Northgate Subco Shares into other shares or securities or subdivide, redivide, reduce, combine or consolidate the Northgate Subco Shares into a greater or lesser number of shares, effect any other capital reorganization or amend the designation of or the rights, privileges, restrictions or conditions attaching to the Northgate Subco Shares;

(e) amend its articles or by-laws; or

(f) enter into any transaction, or take any other action, out of the ordinary course of its business which would reasonable be expected to result in a material diminishment in the price or value of the Northgate Subco Shares.

6. **Fractional Shares**

No fractional Northgate Shares will be issued or delivered to any Young-Davidson Shareholders otherwise entitled thereto. Instead, such Young-Davidson Shareholders will receive a cash payment equal to their proportionate share of the proceeds (after deducting fees and expenses) received by the Depositary on the sale of the Northgate Shares representing the accumulation of all fractional interests in Northgate Shares that would otherwise be issuable to Young-Davidson Shareholders, other than Dissenting Shareholders, in connection with the Amalgamation. The Depositary will make arrangements to sell such Northgate Shares on the Toronto Stock Exchange on behalf of those Young-Davidson Shareholders as soon as possible after the Effective Date.

7. **Articles of Amalgamation**

The Articles of Amalgamation of the Amalgamated Corporation shall be in the form annexed hereto as Schedule "A".

8. **Name**

The name of the Amalgamated Corporation shall be "Young-Davidson Mines, Limited".

9. **Registered Office**

Until changed in accordance with the OBCA, the registered office of the Amalgamated Corporation shall be situated in the Province of Ontario.

10. **Stated Capital**

The stated capital account in the records of the Amalgamated Corporation for the common shares of the Amalgamated Corporation shall be equal to the stated capital attributed to the Young-Davidson Shares (other than the Young-Davidson Shares held by Northgate Subco) and the common shares of Northgate Subco.

11. **Number of Directors**

The board of directors of the Amalgamated Corporation shall consist of not less than one and not more than fifteen directors, the exact number of which shall be determined by the directors from time to time.

12. **Initial Directors**

The first directors of the Amalgamated Corporation shall be the persons whose names and residential addresses appear below:

Name	Municipality of Residence	Resident Canadian
Kenneth G. Stowe	Toronto, Ontario	Y
Terrance A. Lyons..........................	Vancouver, British Columbia	Y
Bruce M. McKay............................	North Vancouver, British Columbia	Y

13. **By-laws**

The by-laws of the Amalgamated Corporation shall be, to the extent not inconsistent with this Agreement, the by-laws of Northgate Subco, unless and until repealed or amended.

14. **Filing of Articles**

Following the approval of this Agreement by the shareholders of the Amalgamating Corporations in accordance with the OBCA and with the terms of the Merger Agreement, and subject to the satisfaction or waiver of all conditions precedent set forth in the Merger Agreement, Northgate shall file the Articles of Amalgamation with the Director appointed under the OBCA, as provided under the OBCA.

15. **Termination**

This Agreement may be terminated by the board of directors of each of the Amalgamating Corporations, notwithstanding the approval of this Agreement by the shareholders of the Amalgamating Corporations, at any time prior to the issuance of the Certificate of Amalgamation and following the termination of the Merger Agreement, without, except as provided in the Merger Agreement, any recourse by any party hereto or any of their shareholders (including but without limitation any Dissenting Shareholders) or other persons.

16. **Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario sitting in and for the judicial district of Toronto in respect of all matters arising under or in relation to this Agreement.

17. Counterparts

This Agreement may be signed in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto.

NORTHGATE MINERALS CORPORATION

Per: ______________________________

Name:
Title:

2080263 ONTARIO INC.

Per: ______________________________

Name:
Title:

YOUNG-DAVIDSON MINES, LIMITED

Per: ______________________________

Name:
Title: