

***No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.***

Offering Document under the Listed Issuer Financing Exemption

April 6, 2023

**NORTHERN GRAPHITE CORPORATION**  
(the “Company” or “NGC”)

**PART 1: SUMMARY OF OFFERING**

**What are we offering?**

**Type and Number of Securities Offered:** Non-brokered private placement of up to 3,000,000 units of the Company issued on a charity flow-through basis (the “**Charity FT Units**”).

**Offering Price per Security:** \$0.75 per Charity FT Unit.

**Minimum / Maximum Offering:** A maximum of up to 3,000,000 Charity FT Units for a maximum of \$2,250,000 (the “**Offering**”). There is no minimum number of Charity FT Units that must be sold under the Offering.

**Description of Offered Securities:** Each Charity FT Unit will consist of one common share of the Company (a “**Charity FT Share**”) and one-half of one common share purchase warrant of the Company (each whole warrant, a “**Charity FT Warrant**”). Each Charity FT Warrant shall entitle the holder thereof to purchase one non-flow through common share of the Company (a “**Warrant Share**”) at an exercise price of \$0.75 for a period of 24 months from the date of issuance thereof, subject to adjustment in certain standard events.

Each Charity FT Share and Charity FT Warrant will be issued as a “flow-through share” as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the “**Tax Act**”). The Company will use the gross proceeds from the Offering to incur eligible “Canadian exploration expenses” that will qualify as “flow-through critical mineral mining expenditures” as such terms are defined in the Tax Act (collectively, the “**Qualifying Expenditures**”) on the Company’s Canadian mineral exploration properties. The Qualifying Expenditures will be incurred on or before December 31, 2024 and will be renounced by the Company to the initial purchasers of the Charity FT Units with an effective date no later than December 31, 2023.

Each common share of the Company (the “**Common Shares**”) is entitled to one vote at meetings of shareholders, is entitled to receive dividends as and when declared by the Board of Directors of the Company, and is entitled to participate in the remaining property and assets of the Company upon dissolution or winding-up. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights. Other than the Canadian tax benefits available to the initial purchasers, the Charity FT Shares are in all respects identical to all other Common Shares.

<b>Closing Date:</b>	The completion of the Offering is expected to occur in one closing on or about April 27, 2023 (the “ <b>Closing Date</b> ”), and is subject to the receipt of all regulatory approvals.
<b>Exchange Listing:</b>	The Common Shares are listed on the TSX Venture Exchange (the “ <b>TSXV</b> ”) under the trading symbol “ <b>NGC</b> ”.
<b>Last Closing Price:</b>	The last closing price of the Common Shares on the TSXV on April 5, 2023 was \$0.47.

**The Company is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 Prospectus Exemptions. In connection with this offering, the Company represents the following is true:**

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$5,800,000.**
- **The Company will not close this offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This offering document contains “forward-looking information” within the meaning of applicable Canadian securities laws, which is based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this offering document are made only as of the date of this offering document. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning the completion of the Offering, the date of completion of the Offering and raising the maximum amount under the Offering; the Company’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering; future exploration and development plans at the Company’s mineral properties, including exploration and development timelines and anticipated costs; and the Company’s plans with respect to its proposed transactions with Graphex and Edgewater (each as defined below) and the development of processing plants for downstream processing operations. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements or forward-looking information, including, without limitation, risks and

uncertainties relating to: general business and economic conditions; regulatory approval for the Offering; completion of the Offering; changes in commodity prices; the supply and demand for, deliveries of, and the level and volatility of the price of graphite and other metals; changes in project parameters as exploration and development plans continue to be refined; costs of exploration including labour and equipment costs; risks and uncertainties related to the ability to obtain or maintain necessary licenses, permits or surface rights; changes in credit market conditions and conditions in financial markets generally; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors; the impact of value of Canadian dollar and U.S. dollar, foreign exchange rates on costs and financial results; market competition; exploration results not being consistent with the Company's expectations; changes in taxation rates or policies; technical difficulties in connection with mining activities; changes in environmental regulation; environmental compliance issues; other risks of the mining industry; and risks related to the effects of COVID-19. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. For more information on the Company and the risks and challenges of its business, investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com). The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

## **PART 2: SUMMARY DESCRIPTION OF BUSINESS**

### **What is Our Business?**

NGC is a graphite mining, development and exploration company. We are focused on becoming a world leader in producing natural graphite and upgrading it into high value products critical to the green economy including anode material for lithium ion batteries/EVs, fuel cells and graphene, as well as advanced industrial technologies.

Our mining projects include the producing Lac-des-Iles, Quebec graphite mine (the "**LDI Project**"), the Okanjande, Namibia graphite mine which is currently on care and maintenance (the "**OKJ Project**"), the Bissett Creek, Ontario graphite development property (the "**Bissett Creek Project**"), the Mousseau West, Quebec graphite exploration property (the "**MW Project**") and the South Okak, Labrador nickel, copper and cobalt exploration project (the "**South Okak Project**").

NGC is currently focused on bringing the OKJ Project back into production, which we expect to do in mid-2024, and developing the MW Project using the existing processing plant infrastructure at the LDI Project which is located within economic trucking distance of the LDI Project.

NGC is the only significant graphite producing company in North America and will become the third largest outside of China if and when the OKJ Project is brought back into operation. All of our projects have "battery quality" graphite and are located close to infrastructure in politically stable countries.

### ***The LDI Project***

The LDI Project has been in operation for over 20 years and is the only producing graphite mine in North America. It is located in the Mont Laurier area of Quebec, approximately 120 km north of Montreal, and consists of an open pit mine and conventional crushing/grinding/flotation processing plant with the capacity to produce 25,000 tonnes per year ("**tpy**") of annual production. Current reserves are sufficient to operate until mid-2024 at a rate of 15,000 tpy. The Company intends to examine the feasibility of

transporting mill feed from the MW Project to extend the life of the LDI Project. The Company also intends to explore a number of exploration targets on or near the existing mining lease to identify other potential sources of mill feed.

### ***The OKJ Project***

The OKJ Project consists of the Okanjande graphite deposit in Namibia and the Okorusu processing plant on leased land which is located approximately 80 km away. The operation is currently on care and maintenance while the Company evaluates the economics of restarting the Okorusu plant vis-a-vis moving it adjacent to the Okanjande deposit. Under either scenario, the Company expects to recommence production in 2024 at a rate of approximately 30,000 tpy. The Okanjande deposit hosts a very large resource which the Company expects could eventually support a production rate up to 150,000 tpy.

### ***The Bissett Creek Project***

The Bissett Creek Project is an advanced stage development project located between North Bay and Ottawa, Ontario and 15 km from the Trans-Canada highway. A full feasibility study has been completed on the project and permitting is well advanced. The Company anticipates developing the Bissett Creek Project in two phases with initial production of 40,000 tpy and an expansion to 80-100,000 tpy as demand grows.

### ***The MW Project***

The MW Project, which NGC acquired through the exercise of an option in October 2022, is located approximately 80 kms east of the LDI Project and 150 kms north of Montreal. A technical report entitled "*Technical Report and Resources Estimate of the Mousseau West Property*" dated September 24, 2013, which was completed by Alain Tremblay, geol. eng. and Yvan Bussi eres, geol. eng. in accordance with the requirements of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, was filed on SEDAR on October 17, 2013 and is available under the profile of NanoXplore Inc., estimated Inferred Resources of 4.1 million tonnes grading 6.2% graphitic carbon ("Cg") on the property. The Company intends to carry out a drilling campaign to expand and upgrade this resource and complete a preliminary economic assessment with respect to trucking material to the LDI Project for processing.

### ***The South Okak Project***

The South Okak Project is located 80 kms north of, and shares many geological and structural similarities to, Vale's large Voisey's Bay nickel/copper/cobalt mining operation in Labrador. Based on the analysis of widespread exploration work done in the 1990s and recent programs by the Company, including a large airborne geophysical survey, a number of attractive drill targets have been identified. The next phase of exploration is for the Company to evaluate these targets with a large drilling program. The Company has an option to earn an 80% interest in the South Okak Project.

## **Recent Developments**

The following is a brief summary of key recent developments involving or affecting the Company.

In December 2022, NGC entered into a non-binding letter of intent with Graphex Technologies LLC, the U.S. subsidiary of Graphex Group Limited (NYSE American: GRFX | HKSE: 6128) (collectively "**Graphex**"), a global leader in the production of the anode material used in electric vehicles/lithium-ion batteries, with the intent of combining the Company's raw material supply capabilities with Graphex's downstream processing expertise to build plants that will provide an end-to-end Northern American supply chain from the graphite mine to the battery. Graphex and NGC intend to diligently and in good faith negotiate the terms of a joint venture, including management and ownership percentages, to jointly produce coated spherical graphite anode material for the EV/battery market.

In January 2023, the Company entered into an agreement with Innovation et Développement Manicouagan at Baie-Comeau, Quebec to evaluate sites for the construction of a planned 200,000 tpy battery anode material plant in the industrial port zone of Baie-Comeau. The plant would be one of the largest in the world and would convert graphite concentrate from the Company's mines, as well as other producers, into anode material to supply existing and planned lithium-ion battery manufacturing plants throughout North America. Baie-Comeau has direct road, rail and port access as well as green hydroelectric power that would result in one of the lowest CO<sub>2</sub> footprints in the industry. Graphex is participating with NGC in this site evaluation process.

In February 2023, the Company entered into an agreement with Edgewater Capital Partners ("**Edgewater**") whereby it has a six month option to acquire an effective 50.1% voting interest and a 33.3% equity interest in NeoGraf Solutions, LLC ("**NeoGraf**"), as well as an option to increase its interest up to 100% at a later date subject to the terms and conditions of the agreement. NeoGraf is a leading provider of specialty, value added products manufactured from natural graphite and has a strong intellectual property portfolio and a blue chip customer base. NeoGraf is one of NGC's largest customers. This investment, if completed, will enable the Company to integrate downstream into the manufacturing of graphite products for a number of high-growth markets including lithium ion batteries/EVs, fuel cells, graphene and nanomaterials, thermal management in consumer electronics, smart building products and fire retardants. Closing of NGC's investment is subject to the execution of definitive agreements, the receipt of all required third party and regulatory approvals including, if applicable, approval of the TSXV and to NGC completing satisfactory financing arrangements.

On March 14, 2023, the Company announced that the area covered by its MW Project in Québec has been increased by an additional 101.64 hectares to a total of 590.54 hectares by the Québec ministère des Ressources naturelles et des Forêts through an automatic procedure under the *Mining Act* (Québec) due to the lapse of certain adjoining claims previously held by an arm's length third party.

### **Material Facts**

There are no material facts about the securities being distributed hereunder that have not been disclosed either in this offering document or in another document filed by the Company in the 12 months preceding the date of this offering document.

### **What are the business objectives that we expect to accomplish using the available funds?**

The business objectives we expect to accomplish using the proceeds from the Offering forming part of the available funds noted in Part 3 below are the following:

- *Identify new resources around the LDI Project.* Complete a drilling program on a number of exploration targets on or near the existing mining lease at the LDI Project with the objective of identifying potential new sources of mill feed. The program includes approximately 10,000 metres of drilling, as well as geochemistry and geophysics analysis, which would be conducted over the next 12 months at an approximate cost of \$2,250,000.

### **PART 3: USE OF AVAILABLE FUNDS**

#### **What will our available funds be upon the closing of the offering?**

##### *Available Funds*

The net proceeds of the Offering and the funds which are expected to be available to us after this Offering as follows:

	<b>Assuming 100% of the Offering<sup>(1)</sup></b>
A. Amount to be raised by the Offering	\$2,250,000
B. Selling commissions and fees <sup>(2)</sup>	\$135,000
C. Estimated Offering costs (e.g., legal, accounting, audit)	\$100,000
D. Net proceeds of Offering: D = A - (B+C)	\$2,015,000
E. Working capital as at most recent month end (deficiency) <sup>(3)</sup>	\$25,700,000
F. Additional sources of funding	-
G. Total available funds: G = D+E+F	<b>\$27,715,000</b>

<sup>(1)</sup> There is no minimum amount for the Offering.

<sup>(2)</sup> In connection with the Offering, the Company will pay a cash finder's fee of \$135,000 to the Finder (as defined below).

<sup>(3)</sup> Working capital is comprised largely of inventories consisting mainly of finished goods (graphite concentrates), broken ore in stockpile and some material and supplies. Since its acquisition of the LDI Project and the OKJ Project in May 2022, the Company has been expanding its sales staff and pursuing new markets/customers in North America and Europe in order to balance liquidity with the amount of working capital tied up in inventories. Inventories of graphite concentrate and the ore stockpile are recorded at cost. The Company expects to reduce inventories at a higher realizable value in a controlled fashion over the next 12-18 months which is expected to generate a substantial amount of liquidity. There is no assurance this will occur or on what terms, however, and the financial resources available from realization of the inventories remains to be determined.

#### **How will we use the available funds?**

The Company intends to use the net proceeds from the Offering, together with the Company's current working capital and additional sources of funding, for the following purposes in order to meet the business objectives described below:

<b>Description of intended use of available funds listed in order of priority</b>	<b>Assuming 100% of the Offering<sup>(1)</sup></b>
Exploration and evaluation of the LDI Project	\$2,250,000
Working capital	\$25,120,000
<b>Total</b>	<b>\$27,715,000</b>

<sup>(1)</sup> There is no minimum amount for the Offering.

Although the Company intends to spend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary from that set forth above.

#### **How have we used the other funds we have raised in the past 12 months?**

The Company has used the funds it has raised over the last 12 months as follows:

<b>Previous Financing Activity</b>	<b>Intended Use of Funds</b>	<b>Funds Used to March 31, 2023</b>	<b>Variance and Impact on Business Objectives and Milestones</b>
US\$12.0 million senior secured loan completed in May 2022	Acquisition of the LDI Project and the OKJ Project, and expenditures for the resumption of operations at the OKJ Project	US\$12.0 million	US\$8.0 million (see below)
US\$20.0 million commodity purchase		US\$18.2 million	

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(stream) financing on the OKJ Project completed in May 2022

US\$4.0 million royalty financing on the LDI Project completed in May 2022

US\$4.0 million

\$23.1 million private placement of Common Shares and warrants completed in February and April 2022

\$23.1 million

These financings were completed by the Company as a consolidated financing package for the purpose of acquiring the LDI Project and the OKJ Project in May 2022 and resuming operations at the OKJ Project. While substantially all of the funds outlined above have been or are being used by the Company for this purpose, the Company has experienced some variances between how it previously disclosed it would use these funds and how it has actually used them. In particular, due to the actual outcome of operations at the LDI Project compared to the expected outcome at the time of its acquisition, the Company used approximately US\$8.0 million from the proceeds of these financings for funding operations at the LDI Project rather than work to resume operations at the OKJ Project. This reallocation of the proceeds was also influenced by Covid related delays in the shipping and delivery of new grinding mills from China intended for use at the OKJ Project, the need to secure offtake agreements for production from the OKJ Project before start up, and the emergence of a potential new development strategy for the OKJ Project being evaluated by the Company. This new development strategy would involve installing the mills in a new plant to be built at the Okanjande mine site rather than the existing Okorusu processing plant location and would result in higher capital costs and a delay in restarting production but result in much lower transportation costs and better project economics. As a result, the Company determined to slow down the retrofit of the OKJ Project operation in the third quarter of fiscal 2022 and not make any further capital commitments in respect of it in the short term until it has completed its evaluation of this new development strategy.

#### **PART 4: FEES AND COMMISSIONS**

**Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?**

**Finder:**

The Company has agreed to pay Sprott Capital Partners LP (the "**Finder**") compensation for identifying investors to participate in the Offering.

**Finder's Compensation:**

The Finder will receive a cash finder's fee from the Company upon closing in the amount of \$135,000.

In addition, upon closing, the Company will grant the Finder 180,000 finder warrants to purchase Common Shares (the "**Finder Warrants**"). Each Finder Warrant will be exercisable for a period of 24 months from the Closing Date at a price of \$0.50 per Common Share.

## **PART 5: PURCHASER'S RIGHTS**

### **Rights of Action in the Event of a Misrepresentation**

If there is a misrepresentation in this offering document, you have a right:

- (a) to rescind your purchase of these securities with the Company, or
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

## **PART 6: ADDITIONAL INFORMATION**

### **Where can you find more information about us?**

Prospective investors can access the Company's continuous disclosure information under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.northerngraphite.com](http://www.northerngraphite.com).

## **PART 7: DATE AND CERTIFICATE**

Dated April 6, 2023.

**This offering document, together with any document filed under Canadian securities legislation on or after April 6, 2022, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

(signed) "Hugues Jacquemin"  
Hugues Jacquemin, Chief Executive Officer

(signed) "Guillaume Jacq"  
Guillaume Jacq, Chief Financial Officer