



Northern Graphite Provides Update on Graphite Prices

September 5, 2017 – Northern Graphite Corporation (“Northern” or the “Company”) (**NGC:TSX-V, NGPHF:OTCQX**) reports that the price of large flake (+80 mesh) graphite has increased by approximately 30 per cent over the last couple months and is again selling for over US\$1,000/tonne, FOB China. European and North American prices are generally US\$50-100/tonne higher. XL flake (+50 mesh) prices have also risen significantly while smaller flake sizes have experienced more moderate price increases. It has been reported by Industrial Mineral Magazine that the supply of large and XL flake graphite is tight and some speculative investment is taking place.

Gregory Bowes, Chief Executive Officer, commented that; “While it is still early, this is hopefully the start of the same upward price trend experienced by the other lithium ion battery (“LiB”) minerals, lithium and cobalt. Northern is very well positioned to benefit with an advanced stage XL flake deposit and a proprietary purification technology that offers an alternative to the Chinese process which is creating environmental issues.”

Industrial Minerals Magazine, Benchmark Mineral Intelligence and Roskill Information Services have all commented on the situation and should be referred to for additional information. Reasons cited by these and other sources for rising graphite prices include:

1. Production and supply problems in China due to stricter enforcement of environmental and safety standards and restrictions on the use of dynamite in some areas. High purity and large flake sizes have been particularly affected. Also, production costs have continued to increase due to environmental regulations, higher taxes and land fees, labour and power cost inflation and shortages of ore supply. China is introducing a new environmental tax in January, 2018 which is expected to have a significant effect on the graphite industry and has announced its intention to build a graphite stockpile equal to 80 per cent of annual production by 2020.
2. The steel industry is recovering. Global output was up 4.5 per cent in the first half of 2017 and a number of companies have reported improved financial results. Refractories remain the largest market for flake graphite and mainly require large flake sizes.
3. Continued strong growth in lithium ion battery demand. Small flake graphite is used to make LiB anode material because it has been plentiful and low cost. If LiB demand growth meets expectations, anode material suppliers will likely have to start using larger flake sizes and to compete with traditional markets for supply creating further pressure on prices. Raw material prices for synthetic graphite LiB anode material are also reported to be “surging.”
4. XL flake production is declining as resources in Shandong Province, a major source, are being depleted and it has also been heavily affected by environmental closures. Heilongjiang Province, the largest producing region, has mainly smaller flake. The expandable graphite market, which is largely based on XL flake, is one of the fastest growing along with LiBs and this is putting additional pressure on prices. Expandable graphite is used for thermal management in consumer electronics, as a gasket material in the automotive, petroleum, chemical and nuclear industries, to make conductive plates for fuel cells and flow batteries, and as a fire retardant.

About Northern Graphite

Northern is a Canadian company that has a 100% interest in the Bissett Creek graphite deposit located in southern Canada, relatively close to all required infrastructure. Bissett Creek is an advanced stage project that has a Full Feasibility Study and its major environmental permit. Subject to the completion of operational and species at risk permitting, which are well advanced, Northern could commence construction early in 2018 pending financing. The Company believes Bissett Creek has the highest margin, best flake size distribution and lowest marketing risk of any new graphite project, and has the added advantages of low capital costs and realistic production levels relative to the size of the market.

Gregory Bowes, B.Sc. MBA, P. Geo., a Qualified Person as defined under NI 43-101, has reviewed and is responsible for the technical information in this press release.

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