



NORTHERN
GRAPHITE
CORPORATION

TSXV NGC
OTC NGPHF
FRA 0NG
XSTU 0NG
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Northern Graphite Announces First Quarter 2023 Results

May 31, 2023: Northern Graphite Corporation (NGC:TSX-V, NGPHF:OTCQB, FRA:0NG, XSTU:0NG) (the “Company” or “Northern”) is pleased to provide an operating summary and financial highlights for the three month period ended March 31, 2023. The Company’s Financial Statements and Management’s Discussion and Analysis are available on SEDAR and on our website.

Operational Highlights for the first quarter include:

- **Mine-to-Market Strategy:** The Company announced its mine-to-market strategy which consists of developing one of the world’s largest battery anode material (“BAM”) facilities in Baie-Comeau, Québec with 200,000 tonnes per year (“tpy”) of capacity. The Company also announced the signing of an agreement to acquire a 33.33% ownership interest and the majority of voting rights (50.1%) in NeoGraf Solutions, LLC (“NeoGraf”), a US based company focused on the manufacturing of specialty value added products made from natural graphite.
- **Mining and Development Projects:**
 - The Company’s Lac des Iles (“LDI”) mine in Québec produced 2,966 tonnes of graphite concentrate with a recovery rate of 91.6%;
 - Following the exercise of its option to acquire 100% of the Mousseau West graphite project in Québec in the fourth quarter of 2022, in March 2023, the Company increased size of the project by an additional 101.6 hectares to a total of 590.5 hectares;
 - Following the decision to relocate the Okorusu plant directly to the Okanjande mine site in Namibia, the Company is completing an updated PEA which it expects to release this quarter. It includes plans for a 31,000 tpy processing plant that will be ready for production in late 2024.
- **Executive Officer Appointments and Additions to Board of Directors:**
 - **Gregory Bowes** was appointed Chairman of the Board effective January 1, 2023. He was previously Executive Chairman.
 - **Frank O’Brien-Bernini** has been named Chair of the Environmental, Social, Governance (ESG) and Nominating Committee.
 - **Kirsty Liddicoat** was appointed as Chief Operating Officer, and **Dave Marsh** as Chief Technical Officer
 - Subsequent to March 31, 2023, **Pav Jordan** has been appointed Vice-President of Communications

Financial Highlights for the first quarter include:

- Revenue of \$4.0 million generated from 1,813 tonnes of graphite concentrate sold at an average realized sales price of \$2,202/tonne (USD\$1,628/tonne) (1)
- Cash costs of \$1,592 (USD\$1,171) per tonne of graphite concentrate sold (1)
- Income from mine operations of \$452,000
- An operating loss of \$2.6 million was recorded
- A net loss of \$4.2 million (\$0.03 per share) was recorded

- Cash and equivalents of \$2.0 million as at March 31, 2023.
- Working capital of \$20.4 million as at March 31, 2023.
- 4,652,500 warrants with a strike price of \$0.45 were exercised for gross proceeds of \$2,093,000.
- On April 27, 2023 the Company closed a non-brokered private placement financing of 3,000,000 units of Northern issued on a charity flow-through basis at a price of \$0.75 per unit for proceeds of \$2,250,000. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at an exercise price of \$0.75 for a period of two years.

- (1) The Company reports the non-IFRS financial measures of average realized sales price per tonne of graphite concentrate sold and cash costs per tonne of graphite concentrate sold to manage and evaluate its operating performance. See “Cautionary Note Regarding Non-IFRS Performance Measures” below.

CEO Hugues Jacquemin commented, “The past year has been one of transformation for Northern Graphite. April 29, 2023, marked our first full year since we became a producing company with the closing of the acquisition of LDI and the Namibian operations from Imerys. Today we are the only significant producer of natural graphite in North America. With an established customer base and market share we are advancing our strategy of becoming a fully integrated, mine-to-market provider of mined and processed natural graphite to supply our existing customers and serve new and growing demand stemming from the energy transition and widescale electrification in North America and abroad.”

Selected Interim Financial Information (Unaudited)

	Three months ended	
	March 31, 2023	March 31, 2022
Revenue	\$ 3,993	\$ -
Cost of Sales		
Production costs	2,887	-
Depletion and depreciation	654	-
Total cost of sales	3,541	-
Income from mine operations	452	-
General and administrative	2,274	621
Share-based compensation	745	1,091
Project evaluation, acquisition, and integration	29	305
Foreign exchange (gain)	(45)	(31)
Total expenses	3,003	1,986
Operating loss	(2,551)	(1,986)
Loss (gain) on marketable securities	(80)	70
Finance expense	1,208	5
Foreign exchange (gain) on financing instruments	(47)	-
Interest income	(9)	(5)
Impairment loss	209	-
Okorusu moving costs	195	-
Loss before taxes	(4,027)	(2,056)
Current tax expense	274	-
Deferred tax recovery	(82)	-
Net loss	(4,219)	(2,056)
Other comprehensive loss		
Foreign currency translation	(1,051)	-
Other comprehensive loss	(5,270)	(2,056)
Loss per share – basic and diluted	(0.03)	(0.03)
Weighted average shares outstanding	125,000,190	81,691,573
- basic and diluted		

Lac des Iles Mine

During the three-month period ended March 31, 2023, the LDI plant processed a total of 40,877 tonnes of ore, with an average head grade of 6.8% graphite and a recovery of 91.6% to produce 2,966 tonnes of graphite concentrate.

The plant has operated five days a week, 24 hours per day with one down day per week used for plant maintenance. In mid-March 2023, mining operations were temporarily suspended to optimize inventory levels while the processing of ore stockpiles have continued.

On [October 5, 2022](#) the Company announced that it had exercised its option to acquire a 100% interest in the Mousseau West graphite project, located approximately 80 km from LDI. Mineralized material from this project has the potential to significantly extend the life of the LDI infrastructure. The Mousseau West project area has since been extended by the Québec ministère des Ressources naturelles et des Forêts (the “Ministère”) to a total of 590.5 hectares.

Namibia

In June 2022 the Company completed a Preliminary Economic Assessment (“PEA”) which evaluated the economics of shipping ore approximately 70 km from the Okanjande graphite mine to the Okorusu processing plant. Key metrics include an average annual production of 31,000 tonnes of graphite concentrate, production costs of US\$775 per tonne, a post-tax IRR of 62%, a post-tax NPV of US\$65 million and a payback of under two years based on a 10-year mine life and a weighted average graphite price of US\$1,500/tonne.

Long lead time items were ordered but following pandemic-related delays in the shipment of new grinding mills from China, management decided to evaluate installing the new mills in a plant built at the Okanjande mine site. The Company has been working with CREO Engineering to complete a new PEA under this operating scenario and expects to publish the results this quarter, including a revised capital cost estimate, with the goal of having the plant operating on a sustainable basis by late 2024 subject to financing.

Mine to Market Strategy

With the growth of the electric vehicle (“EV”) market, the Company is moving downstream to further process its graphite for use as the anode material in lithium-ion batteries (“LiBs”), with shaping, purification and coating technologies. This is expected to be done in partnership with companies that are industry leaders in these technologies. On [December 21, 2022](#) the Company signed a letter of intent with Graphex Technologies LLC with the intent of combining Northern’s raw material supply capabilities with Graphex’s downstream processing expertise in a proposed BAM plant located at Baie-Comeau, Québec, with total capacity of 200,000 tpy.

On [February 13, 2023](#), Northern announced the signing of an agreement to acquire a 33.33% ownership interest and the majority of voting rights (50.1%) in **NeoGraf**, a US based company focused on the manufacturing of specialty value added products made out of natural graphite, as the Company pursues its strategy of downstream integration into non-BAM markets.

Liquidity and Capital Resources

As at March 31, 2023 the Company held cash of \$1,969,000 (December 31, 2022 - \$5,076,000), \$2,073,000 of restricted cash (December 31, 2022 - \$2,083,000) and had working capital of \$20,428,000 (December 31, 2022 - \$19,412,000). Working capital includes \$22,992,000 (December 31, 2022 - \$18,265,000) in inventory consisting of 9,896 tonnes of graphite concentrate (December 31, 2022 – 8,743) valued at cost and 52,717 tonnes of ore stockpiles (December 31, 2022 – 38,267) as well as materials and supplies. The ore stockpile contains approximately 3,101 tonnes of recoverable graphite (December 31, 2022 - 2,251). The Company intends to reduce inventories in a controlled fashion over the next 12-18 months and generate significant liquidity. In addition to the above the Company also has \$6,437,000 (December 31, 2022 - \$6,331,000) of ore stockpiles consisting of 94,955 tonnes (December 31, 2022 – 107,082) available for processing that are classified as non-current.

The Company has a working capital position largely consisting of inventories, which are valued at cost not market. While additional capital will be required to restart operations in Namibia and advance the Bissett Creek, Mousseau West and South Okak projects, as well as for construction of the Baie-Comeau BAM facility, the Company's capital investment programs are discretionary and flexible and will be managed in a manner that minimizes the need to raise financing at current share prices. Numerous, active discussions are ongoing with respect to strategic partnerships and off take agreements and there continue to be many positive developments in the EV/battery/critical minerals space.

About Northern Graphite

Northern is a Canadian, TSX Venture Exchange listed company that is 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.

Northern is the only significant graphite producing company in North America and expects to become the third largest producer outside of China when its Namibian operations come back online. The Company also has two large scale development projects, Bissett Creek in Ontario and Okanjande in Namibia, that will be a source of continued production growth in the future. All projects have "battery quality" graphite and are located close to infrastructure in politically stable jurisdictions.

For further information contact

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Qualified Person

Gregory Bowes, B.Sc. MBA P.Geo, the Chairman of Northern, is a "qualified person" as defined under NI 43-101 and has reviewed and approved the content of this news release.

For additional information

Please visit the Company's website at <http://www.northerngraphite.com/investors/presentation/>, the Company's profile on www.sedar.com, our **Social Channels** listed below or contact the Company at (613) 271-2124.



Cautionary Note Regarding Non-IFRS Performance Measures

This news release includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. The calculation and an explanation of these measures is provided in the Company's Management's Discussion and Analysis and such measures should be read in conjunction with the Company's Management's Discussion and Analysis and financial statements.

Cautionary Note Regarding Forward-Looking Statements

This news release contains certain "forward-looking statements" within the meaning of applicable Canadian securities laws. Forward-looking statements and information are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "potential", "possible" and other similar words, or statements that certain events or conditions "may", "will", "could", or "should" occur. Forward-looking statements in this release include statements regarding, among others, plans for bringing the Company's Namibian operations back online, advancing other developments projects to production, developing the capacity to manufacture value added products and raising the financing to complete all or any of these initiatives. All such forward-looking statements are based on assumptions and analyses made by management

based on their experience and perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. However, these statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected including, but not limited to unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of other parties to perform as agreed; social or labour unrest; changes in commodity prices; unexpected failure or inadequacy of infrastructure and the failure of ongoing and contemplated studies to deliver anticipated results or results that would justify and support continued studies, development or operations. Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based on what management believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with them. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.