



NORTHERN
GRAPHITE
CORPORATION

TSXV NGC
OTC NGPHF
FRA 0NG
XSTU 0NG
northerngraphite.com

Northern Graphite Announces Year End 2022 Results

May 2, 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 year ended December 31, 2022. The Company’s Audited Financial Statements and Management’s Discussion and Analysis have been filed on SEDAR.

Operational Highlights for the year include:

- On April 29, 2022, the Company acquired 100% ownership of the producing Lac des Iles (“LDI”) graphite mine in Quebec, Canada, and the Okanjande graphite deposit and the Okorusu processing plant in Namibia. The acquisition was funded through a combination of equity, debt and the sale of a royalty and stream on the assets acquired;
- The Company announced several executive officer appointments and additions to its Board of Directors. Hugues Jacquemin was appointed CEO and a director of the Company on June 8, 2022 and Guillaume Jacq was appointed CFO on September 20, 2022. The Company also announced the nomination of Greg Bowes, the Company’s ex CEO as Chairman of the Board, and the appointment of Frank O’Brien-Bernini to the Board of Directors, as well as Chair of the Environment, Social, Governance and Nominating Committee;
- The Company’s LDI mine in Québec produced 9,460 tonnes of graphite concentrate with a recovery rate of 90.5%;
- On October 5, 2022, the Company exercised its option to acquire 100% of the Mousseau West graphite project in Quebec to potentially provide another source of ore for the LDI mine. Subsequent to December 31, 2022, the size of the project was increased by an additional 101.6 hectares to a total of 590.5 hectares;
- In June 2022 the Company completed a Preliminary Economic Assessment (“PEA”) on its Namibian assets which evaluated the economics of shipping ore from the Okanjande graphite mine to the Okorusu processing plant, located 70 km away. In late 2022 and early 2023, the Company made the decision to relocate the Okorusu plant directly at the mine site in Okanjande. An updated PEA is expected to be released in the second quarter of 2023 and includes plans for a 31,000 tpy processing plant that will be ready for production in mid-2024; and
- During the course of 2022, and subsequent to Dec 31, 2022 the Company provided clarity on its mine-to-market strategy, with its intention to develop 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.

Financial Highlights for the year include:

- Revenue of \$12.0 million generated by 5,785 tonnes of graphite concentrate sold at an average realized sales price of \$2,073/tonne (USD\$1,572/tonne);⁽¹⁾
- Cash costs \$1,364 (USD\$1,033) per tonne of graphite concentrate sold;⁽¹⁾
- Income from mine operations of \$3.1 million;
- An operating loss of \$4.7 million which includes general and administrative expenses of \$4.9 million;
- A net loss of \$14.6 million (\$0.14 per share) which includes a non-cash, \$2.6 million foreign exchange loss on financial instruments and an impairment charge of \$3.2 million arising from the Company's decision to move its processing facilities in Namibia; and
- Cash and equivalents of \$5.1 million and working capital of \$19.4 million as at December 31, 2022.

(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, "April 29, 2023 marked the first full year since Northern Graphite closed the acquisition of LDI and the Namibian operations from Imerys and it has been a year of transformation for Northern Graphite. As the only significant producer of natural graphite in North America, and 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 the energy transition and widescale electrification in North America and abroad."

Selected Interim Financial Information

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue	\$ 11,993	\$ -
Cost of Sales		
Production costs	7,888	-
Depletion and depreciation	1,055	-
Total cost of sales	8,943	-
Income from mine operations	3,050	-
General and administrative	4,866	1,313
Share-based compensation	1,490	845
Project evaluation, acquisition, and integration	1,920	1,488
Foreign exchange gain	(498)	-
Total expenses	7,778	3,646
Operating loss	(4,728)	(3,646)
Loss (gain) on marketable securities	190	(414)
Finance expense	3,328	16
Foreign exchange loss on financing instruments	2,633	-
Interest income	(159)	(22)
Impairment	3,167	-
Loss before taxes	(13,887)	(3,226)
Current tax expense	701	-
Deferred tax expense (recovery)	(37)	-
Net loss	(14,551)	(3,226)
Other comprehensive loss		
Foreign currency translation	(454)	-
Other comprehensive loss	(15,005)	(3,226)
Loss per share – basic and diluted	(0.14)	(0.04)
Weighted average shares outstanding		
- basic and diluted	107,766,203	77,465,330

Lac des Iles Mine

During the year ended December 31, 2022, the LDI plant processed a total of 137,448 tonnes of ore with an average head grade of 6.5% graphite and a recovery of 90.5% to produce 9,460 tonnes of graphite concentrate. During the year LDI sold 5,785 tonnes of graphite concentrate with an average realized sales price of \$2,073 per tonne.

The LDI plant operated five days a week, 24 hours per day with one of the down days used for plant maintenance. Operating targets of 1,000 tonnes/day milled and 60 tonnes/day of graphite concentrate production have been consistently achieved with the purity of concentrates within specification.

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. Ore from this project has the potential to significantly extend the life of the LDI infrastructure and return production to 25,000 tpy. The Mousseau West project area has since been extended by the Québec ministère des Ressources naturelles et des Forêts (the “Minister”) to a total of 590.5 hectares. In order to satisfy existing and future customer demand and to continue optimizing existing inventory levels the Company intends to operate the LDI mine on an intermittent basis with an average yearly production rate of 15,000 tpy until the start-up of Mousseau West when the Company expects to operate the LDI plant at full capacity of 25,000 tpy.

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, however, following Covid 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. This would represent phase 1 of an ultimate plan to build 100,000-150,000 tonnes per annum of graphite production capacity adjacent to the Okanjande deposit to meet rapidly growing EV and battery demand. The Company has been working with CREO Engineering to complete a new PEA under this operating scenario and expects to publish the results during the second quarter of 2023, including a revised capital cost estimate, with the goal of having the plant operating on a sustainable basis by July, 2024.

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.

Subsequent to December 31, 2022, Northern announced the signing of an agreement ([February 13, 2023](#)) 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. This is part of the Company’s strategy of also pursuing downstream integration into non-BAM markets.

Liquidity and Capital Resources

As at December 31, 2022 the Company held cash of \$5.1 million (December 31, 2021 - \$3.6 million), \$2.1 million of restricted cash (December 31, 2021 - \$0.8 million) and had working capital of \$19.4 million (December 31, 2021 - \$3.7 million). Working capital includes \$18.6 million in inventory consisting of 8,801 tonnes of graphite concentrate and 38,267 tonnes of ore stockpiles as well as materials and supplies. The ore stockpile contains approximately 2,251 tonnes of recoverable graphite. Inventories of graphite concentrate, and the ore stockpile are recorded at cost. Their realizable value is significantly higher and accordingly, the Company intends to reduce inventories in a controlled fashion over the next 12-18 months which is expected to generate a substantial amount of liquidity. In addition to the above the Company also has \$6.0 million of ore stockpiles (107,082 tonnes) available for

processing which is classified as non-current. Additional capital will be required to restart operations in Namibia and advance the Bissett Creek, Mousseau West and South Okak projects but the Company's capital investment programs are discretionary and flexible and will be managed to minimize the need to raise financing at current share prices.

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 will become the third largest outside of China when its Namibian operations come back online. The Company also has two large scale development projects, Bissett Creek in Ontario and the expansions of the Okanjande project 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 countries.

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 on line, 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.