TSXV: NGC | OTC: NGPHF | XSTU: 0NG | FRA: 0NG

Northern Graphite Announces Third Quarter 2024 Results

- **Record sales volume amid push to meet demand, raise cash and reduce operating expenses**
- **Increased plant output following move to seven-days-a-week schedule**
- **Permitting started for new pit at Lac des Iles, new drill program launched**

November 28, 2024: 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 and nine month periods ending September 30, 2024. The Company's Financial Statements and Management's Discussion and Analysis for the period have been filed on SEDAR+ and posted on the Company's website.

"In the third quarter we continued strict cost controls to manage our cash position, while selling record volumes of our graphite to industrial customers, albeit at lower average realized prices. We operated the mill on a seven-days-a-week basis and are selling inventory to generate more cash," said Northern Chief Executive Officer Hugues Jacquemin. "While we are also moving forward to open a new pit at LDI and restart the plant at a higher throughput in January to meet rising demand, unless we can see our way through to higher prices, long-term supply agreements with battery makers and support from governments in Ontario, Quebec, Canada and/or the United States, the Company will continue to struggle whilst these challenging market conditions prevail for ourselves and the rest of the industry."

Operational Highlights: Driving Our Growth Catalysts

- To meet increasing customer demand, the Company **saw continued strong production volume** from the plant at its Lac des Iles ("**LDI**") mine for a third consecutive quarter and **achieved record sales** from June 30 through September 30 after moving to a four shifts, seven-days-a-week schedule. During the first nine months of 2024, sales volumes and revenues from LDI are up by 53 percent and 37 percent respectively compared to the first nine months of 2023;
- During the fourth quarter, management made the decision to put the LDI plant under a **two-month maintenance shutdown** to complete repairs and maintenance and plans to increase throughput to nameplate capacity when it reopens in January. This will enable the Company to meet growing demand for natural graphite sourced outside of China;
- After a successful 2023 drilling campaign and a new resource estimate showed potential to significantly extend the life of LDI, the Company **started permitting in the fourth quarter to open a new pit** in the new year. **A second drilling program** has also been launched with the goal of further increasing production through successful exploration;
- In June, the Company received support from Québec's Ministère des Ressources Naturelles et des Forêts ("**MRNF**") in the form of a grant for a total of $0.4 million to pay 50 percent of eligible expenses for geo-metallurgical and geo-environmental drilling to be carried out this year on the LDI mining lease;
- In preparation to supply coming demand from North American battery markets, Northern **signed a Joint Development Agreement ("JDA") with Rain Carbon Inc. ("Rain")** to develop and commercialize advanced, natural graphite battery anode material ("**BAM**") products used in lithium-ion batteries for electric vehicles ("**EVs**");
- The Company continued development of its battery materials portfolio and **advanced discussions with Original Equipment Manufacturers ("OEMs") and battery makers, and** Northern's patented Porocarb® product is currently being evaluated by leading global battery manufacturers with very positive results.

Financial Highlights: Focus on Cash Management

- Revenue of $6.7 million based on 4,080 tonnes of graphite concentrate sold at an average realized sales price of $1,644 per tonne (US$1,205 per tonne). The average realized price in the third quarter was 17% below the second quarter of 2024, mainly due to commercial efforts to sell additional volumes to customers, which included inventory spot sales for cash management purposes, which have negatively impacted average sales prices and margins;
- Cash costs of $1,413 (US$1,035) per tonne of graphite concentrate sold represented a 9% improvement compared to second quarter costs of $1,560 per tonne (US$1,035). Production costs have been negatively impacted by inefficiencies and unexpected breakdowns which have impacted the ability of the LDI plant to ramp up operations;
- Loss from mine operations was $0.6 million, compared to income from mine operations of $0.1 million during the second quarter;
- General and administrative expenses during the third quarter were in line with the second quarter of 2024, which were 13% lower than the first quarter of 2024 as a result of the implementation of strict overhead cost control measures;
- The LDI plant was in full production during the third quarter with production volumes of 3,630 tonnes. Mining operations were stopped on July 15, 2024 and restarted on September 3, 2024 to preserve cash while the plant continued to operate;
- Finance costs were $2.9 million, almost all of which were non-cash items;
- An impairment expense of $0.4 million was recorded due to the identification of variances following a physical count of finished goods inventories;
- A net loss of $4.8 million ($0.04 per share) which included significant non-cash charges relating to depletion and depreciation, share-based compensation, capitalized finance expenses, impairment expenses and drawdown of inventories. Cash used in operating activities was $nil and slightly deteriorated compared to the second quarter when cash provided by operating activities of $0.1 million was reported, mostly as an effect of lower average sales prices;
- As of September 30, 2024, and in line with June 30, 2024, the Company continued to report its senior secured loan ($22.7 million) and its royalty financing ($9.0 million) as current liabilities as a result of the lack of performance by the Company on the following covenants related to these instruments:
    - Senior secured loan - The Company had not met some of the covenants relating to the amended and restated credit agreement dated November 29, 2023, including:
        - The payment of accrued interest of $1.6 million (US$1.2 million) on the semi-annual cash interest payment date as of September 30, 2024;
        - Maintaining, at all times, on a consolidated basis, positive working capital, and
        - Maintaining, at all times, on a consolidated basis, a minimum cash balance of $750,000.
    - Royalty financing - The Company had not met certain covenants related to the amended and restated royalty agreement dated November 29, 2023 and has not made royalty payments to the royalty holder totaling $1.9 million (US$1.4 million) for 2024.
    - All defaults have been waived by the lender and royalty holder as at September 30, 2024 and as at November 27, 2024, and the Company is currently in discussions with the lender and royalty holder relating to the revision of existing agreements.
- Cash and working capital:
    - Cash and equivalents of $0.3 million as at September 30, 2024 (June 30, 2024 : $0.7 million);
    - Accounts receivable increased by $0.4 million compared to September 30, 2024, as a result of increased sales during the quarter, with days of sales outstanding at 38 days of sales. Inventories decreased by $0.7 million compared to the second quarter. Accounts payable remained stable compared to the end of the previous quarter.
    - The Company's working capital optimization efforts on inventories and receivables offset by the above noted senior debt and royalty classifications to current liabilities ($31.7 million in total), resulting in a negative working capital balance of $27.6 million as at September 30, 2024.

Northern is continuing to work towards its goal of becoming a vertically integrated, mine-to-market supplier to traditional downstream customers and to the emerging market for battery anode material as well as for next generation All Solid State battery chemistries. The main catalysts of the Company's strategy include growing graphite production from our cornerstone LDI mine, restarting the Okanjande mine in Namibia, developing the Bissett Creek Project in Ontario, developing downstream capacity to produce advanced BAM for use in lithium-ion batteries and EVs in North America and Europe, and upgrading graphite mine concentrate into value added industrial products.

Mining Operations

As the only producer of natural flake graphite in North America, Northern has a first mover, competitive advantage in supplying Western markets with graphite for the EV revolution. The Company's projects in Canada and Namibia are all battery grade, and can be scaled in a relatively quick, low-cost manner by leveraging existing permitting and infrastructure at both LDI and at its Okanjande mine in Namibia and the advanced state of the Bissett Creek Project in Ontario.

Lac des Iles Mine – Quebec

Northern is boosting output from the LDI mine and processing plant to meet growing demand from industrial customers and coming demand from North American battery makers. During the first nine months of 2024, sales volume and revenue from LDI have increased significantly, and continuously, up by 53 percent and 37 percent respectively compared to the first nine months of 2023. Following the announcement of a temporary shutdown for maintenance during November and December 2024, the Company is continuing to serve its customers from existing inventory and from third parties to avoid disruptions as demand remains significantly higher in the fourth quarter of 2024 compared to the fourth quarter of 2023. The LDI mill is forecast to reopen on or around January 6, 2025.

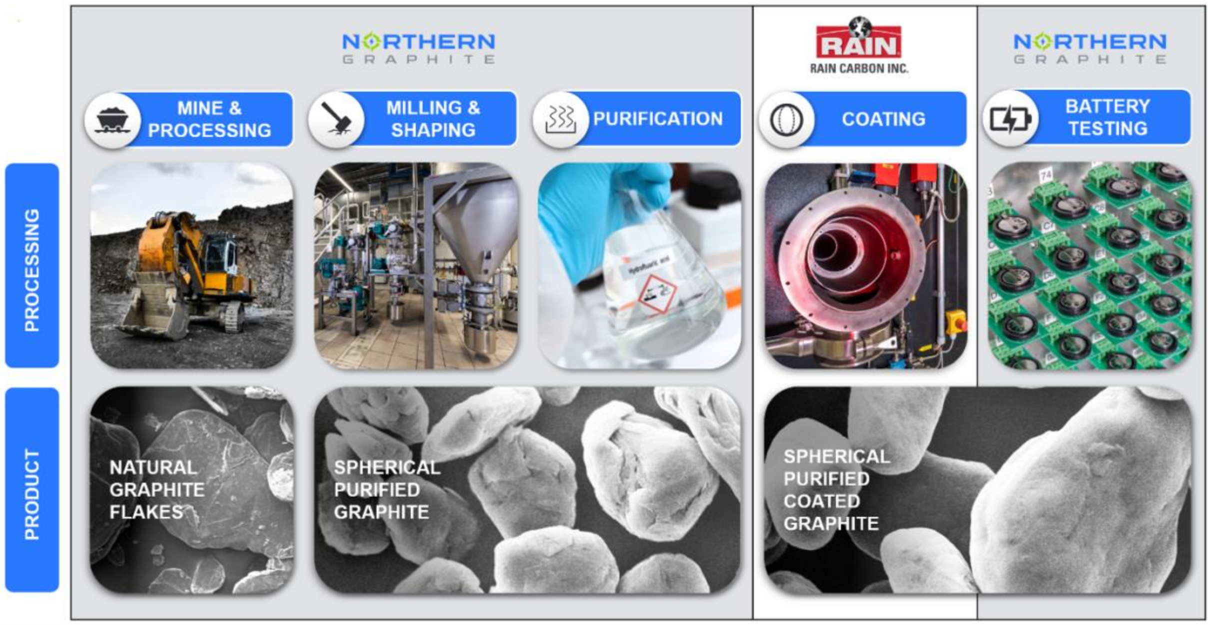
After a new resource estimate in January 2024 showed potential to extend the life of LDI by approximately eight years (to be confirmed and quantified through an updated mineral reserve estimate and life-of-mine plan), the Company has begun permitting to open a new pit in 2025. Northern has also launched an additional drilling program with the objectives of further expanding resources, identifying resources with a lower strip ratio and spending $1.85 million to meet the Company's obligations under its 2023 flow through share financing. According to the mineral resource estimate, prepared in the first quarter by SLR Consulting (Canada) Ltd. and based on the results of a 2023 drilling campaign, Indicated Mineral Resources now total approximately 3.29 million tonnes ("**Mt**") at an average grade of 6.4% graphitic carbon ("**Cg**"), containing approximately 213,000 tonnes of Cg. Inferred Mineral Resources total approximately 1.43 Mt at an average grade of 7.4% Cg, containing approximately 106,000 tonnes of Cg. Existing stockpiles at the mine site are not included in the updated mineral resource estimate. The updated mineral resource estimate assumes an open pit mining scenario and a long-term average flake graphite concentrate market price of US$1,550 per tonne. Mineral resources are constrained within an optimized pit shell at a cut-off grade of 2.3% Cg. A technical report in respect of the mineral resource estimate prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") was filed under the Company's profile on SEDAR+ (www.sedarplus.ca) on March 1, 2024.

Okanjande Project - Namibia

The Company continues to evaluate options to fund the Okanjande project through the use of a royalty/stream/debt structure and equity contributed by a strategic partner without having to go to the market at current share prices. During the third quarter of 2023, Northern placed Okanjande on care and maintenance except for engineering and activities relating to moving the plant from its site at Okorusu to Okanjande. The timing of the restart is subject to the availability of project financing. A technical report in respect of a preliminary economic assessment ("**PEA**") for the Okanjande project prepared in accordance with NI 43-101 was filed under the Company's profile on SEDAR+ (www.sedarplus.ca) on August 28, 2023. The PEA indicated that the economics are attractive under a plan to move the processing plant from Okorusu to the mine site with higher capital costs but lower operating costs. In addition, greenhouse gas emissions are reduced, sustainability is improved, and the expansion potential of the project is substantially enhanced.

Advancing Mine-to-Market Strategy –Partnering for Progress

Northern is advancing its mine-to-market-to-battery strategy and in October reached a milestone partnership agreement with Rain Carbon Inc. , a leading supplier of carbon precursor and carbon products, to develop advanced natural graphite Battery Anode Material that improves the performance and reduces the costs and carbon footprint of lithium-ion batteries in EVs. Under the terms of the JDA, Northern and RAIN will jointly develop and commercialize natural graphite BAM products that are engineered to address critical market demands for extended cycle life, enhanced charging speed and reduced electrode swelling in lithium-ion battery cells. The JDA will answer a market need for higher-quality natural graphite anode material that is also lower cost and more environmentally friendly than synthetic graphite, underscoring Northern's commitment to delivering innovative, sustainable solutions that align with the EV industry's evolving requirements and global decarbonization goals.



The JDA with RAIN complements Northern's broader strategy to become a fully integrated mine-to-battery producer and processor of graphite for lithium-ion batteries, employing advanced milling and shaping, purification and coating technologies to produce BAM at scale from a planned 200,000 tpy facility at the deepwater port of Baie-Comeau, Quebec. The plant is planned to be built in modules to de-risk investment and tailor construction to demand growth in EV markets, and is subject to financing, regulatory approvals and certain other conditions. The facility is eligible for assistance under programs offered by the province of Québec, the Canadian and U.S. governments, as well as other assistance by the Manicouagan region and potential Plan Nord incentives. Northern has been actively involved in discussions and negotiations with technology and OEM partners in both the U.S. and Europe who want to collaborate with a quality supplier of graphite that has current production, immediately available inventory and the capacity to support future growth. Discussions center on volume requirements and the timing thereof and plans for downstream conversion facilities in both North America and Europe. Numerous, active discussions are ongoing with respect to strategic partnerships and offtake agreements and there continue to be many positive developments in the EV/battery/critical minerals space. In addition, the Company is working closely with federal and provincial government organizations to gain support to accelerate the development of the battery anode supply chain, with a particular focus on Ontario and Québec.

Northern's battery materials division ("**NGCBM**"), launched in February 2024 to drive the Company's mine-to-battery strategy, is also advancing in its efforts to commercialize Porocarb®, its patented, high-performance microporous hard carbon material used to boost performance in next generation battery chemistries for electric vehicles, including both lithium-ion and solid-state batteries. The product is currently being evaluated with very positive results by top tier battery manufacturers from South Korea, China and several Western countries. Porocarb® has the potential to provide significant revenue to the Company sooner than natural graphite lithium-ion BAM products.

Market Commentary

Global graphite markets face rising supply pressures amid geopolitical tensions with China, driving consumers to establish secure future supply chains in the West that are less reliant on the world's largest producer and processor of this leading component in lithium-ion batteries. Northern has already seen sustained demand growth and near-record sales to industrial customers since the second half of last year, and those trends are seen continuing into 2025. During the third quarter of 2024 the Company sold 4,080 tonnes of graphite concentrate, 58% higher than last year, with an average realized sales price of $1,644 per tonne, 14% lower than the previous year's period amid inventory spot sales for cash management purposes. Sales in the fourth quarter of 2024 are also expected to be favorable as a result of efforts to sell additional volumes to customers, including further inventory spot sales for cash management purposes. Management has been aggressively pursuing new markets/customer opportunities in North America and Europe in order to balance liquidity with the amount of working capital tied up in inventories, and to create a market for future expected Namibian production. While we are still awaiting greater clarity on U.S. trade policy under a second Trump presidency, as a member of the North American Graphite Alliance, which represents North American and Canadian producers of battery-grade natural and synthetic graphite, Northern continues to engage with the White House, OEMs and other producers to find ways to protect and stimulate the graphite industry. To date, Canada, the United States and Europe have all announced tariffs on EV imports to support their automotive industries and better compete with China.

Balance Sheet Commentary

Northern implemented strict cost control measures during the second and third quarters of 2024 to better manage its cash position, bolster its balance sheet and optimize its working capital, including sales of inventory, optimization of accounts receivable and operating the LDI mill on a seven-days-a-week schedule. The level of production at LDI since its acquisition has not been sufficient to sustain the Company on a cash flow basis, and operational deficits have been financed by external financings and the sale of inventories. In order to make the Company self-sustaining and meet growing demand stimulated by EV sales, Chinese export controls and US tariffs on Chinese graphite, Northern is working to ramp up output at LDI to nameplate capacity of 25,000 tpy. While the expansion is expected to increase operating income, it also requires an additional investment in a new pit and working capital that is straining resources, and discussions continue around amending the Company's existing loan and royalty agreements, including in particular the senior debt interest which was capitalized in 2023.

The Company continues to report as current liabilities its senior secured loan ($22.7 million) and its royalty financing ($9.0 million) as a result of the Company not meeting the following covenants related to these instruments:

- Senior secured loan - as at September 30, 2024, the Company had not met some of the covenants in the amended and restated credit agreement dated November 29, 2023, including the payment of accrued interest of $1.6 million (US$1.2 million) due on the semi-annual cash interest payment date; maintaining, at all times, on a consolidated basis, positive working capital; and maintaining, at all times, on a consolidated basis, a minimum cash balance of $750,000.
- Royalty financing - As at September 30, 2024, the Company had not met some of the covenants in the amended and restated royalty agreement dated November 29, 2023, including the payment of royalties due during 2024 for a total amount of $1.9 million (US$1.4 million).

The lender and royalty holder have waived all defaults as of September 30, 2024 and as of November, 27 2024. The Company is currently in discussions with the lender and royalty holder relating to amending the terms of its senior secured loan and royalty financing to better align with project timelines that have shifted with markets that are evolving at a slower pace than forecast. While these discussions are ongoing, the lender and royalty holder is supportive of Northern's growth plans and is keen to work with the Company to find ways to capitalize on the new resource and extended mine life potential at LDI and allow the Company to benefit from a strong industrial market for graphite in North America as well as coming demand from EV markets.

Going forward, the Company intends to continue to reduce inventories to generate liquidity and maintain strict overhead cost controls that were implemented during the last two quarters of 2024, as well as consider a number of other strategies until support for the only operating graphite mine in North America materializes or markets improve. The Company also continues to seek support from federal, provincial and US government agencies as well as EV and battery manufacturers.

Corporate Update

On October 11, 2024, the Company announced the **resignation of Guillaume Jacq as Chief Financial Officer** ("**CFO**"), effective November 30, 2024, to pursue other career opportunities. Niall Moore, Northern's Group Controller and a Chartered Professional Accountant with over 35 years of experience, will assume the responsibilities of the CFO role on an interim basis.

In closing, Mr. Jacquemin commented:

"While the current situation is challenging, the long term outlook for our strategy to sell to the EV battery space remains strong and we continue to implement measures to enable the Company to weather the prevailing environment and carry us through until graphite markets recover. We are putting the pieces in place to be ready when markets improve to supply North American battery makers with graphite from our mines, tailored into battery anode material that fits their needs and is sourced close to their end markets."

About Northern Graphite

Northern, the only flake graphite producing company in North America, 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 expects to become one of the largest natural graphite producers outside of China when its Namibian operations come back online. The Company also has the large-scale Bissett Creek project in Ontario and substantial additional measured and indicated resources in Namibia and the Mousseau property in Quebec which are expected to be sources of continued production growth in the future. All projects have "battery quality" graphite and are located close to infrastructure in politically stable jurisdictions.

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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 www.northerngraphite.com/investors/presentation the Company's profile on www.sedarplus.ca 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 news release include statements regarding, among others, plans for extending the mine life and output at LDI, bringing the Company's Namibian operations back online, advancing other development projects to production, developing the capacity to manufacture value added products and raising the financing to complete any or all 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, and the inability to raise the required financing. 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.