

MESSAGE FROM THE CEO

“Markets and geopolitics remain volatile, but we are seeing early indications of the tide turning as global policies around critical minerals increasingly take shape. We are executing on a clear vision, and with your continued support, we’re confident that Northern Graphite will play a key role in the future of sustainable battery materials.”



July 2025

Just a few months ago, we sounded the alarm that, without financing, we would be forced to put our cornerstone Lac des Iles (“LDI”) mine on care and maintenance. That was not an easy message to deliver.

While that risk remains today amid continued difficult markets, the outlook for LDI and our other strategic drivers is improving. Industrial demand for our graphite has continued to grow this year, even after we raised our prices in January, allowing us to command **record average prices in the first quarter**. We are leveraging our leadership position as North America’s only natural graphite producer to grow our customer base and market share and prepare to pivot to coming opportunity in the battery materials business.

From **monetizing our battery technology patents** to winning strategic recognition in Europe for our plan to build a battery anode material plant in France, I am pleased to say that we are making substantial progress with our mine-to-battery integration.

Financing Our Vertical Integration

A year ago, we formed the Battery Materials Group, gaining access to a state-of-the-art laboratory in Frankfurt, a deep bench of battery PhDs, and a portfolio of patents covering carbon processing technologies for lithium-ion and all-solid-state batteries. With the intellectual property transactions announced in June, we are now licensing out that technology to generate capital that we can reinvest to help support our graphite and battery materials capabilities. Today we are as much a battery technology company as we are a graphite miner, and we are also actively exploring partnerships like our Joint Development Agreement with RAIN Carbon to enhance the performance of our anode materials so we can compete even more effectively with other global producers.

Strategic Status for France BAM Project

Our battery materials team also achieved a coup earlier this year in Europe, where our plan to process graphite from our Okanjande mine in Namibia into Battery Anode Material in France was **awarded “Strategic Project” status** under the European Union’s Critical Raw Materials Act (CRMA). The designation marks a game-changer for the Company, facilitating faster permitting, allowing us to move quickly and decisively, improving access to funding including potential strategic project guarantees, and providing commercial traction to help us secure off-take agreements with European battery manufacturers looking to secure local, low-risk supply chains supported by the EU. The designation also provides critical impetus to restart our Okanjande mine, on care and maintenance since 2023, to start supplying graphite to the France plant in 2027.

We are actively engaged with investors – some already in due diligence – who see value in strategic projects aligned with EU policy.



In North America, we are looking for ways to accelerate development of our BAM plant in Baie-Comeau, Québec, through a partnership with The BMI Group. Together, we're exploring the conversion of a former paper mill site into a battery anode facility.

Shifting Momentum and Optionality

As a company with global assets and serving clients from North America to Europe to Asia, we must remain agile and able to pivot to opportunity. The geopolitical environment is fluid, and our job is to navigate it, not just by reacting, but by creating options and prioritizing our efforts where success is most likely to arise.

There is no question that global momentum is accelerating around critical minerals.

In the United States, the administration of President Donald Trump is pushing for secure, domestic production, and we are at the table alongside our industry peers in Washington to lobby for policies that help protect the nascent graphite industry in the face of unfair competition from China. In May, in a preliminary decision, the U.S. Department of Commerce imposed tariffs of up to 721% on Chinese graphite anode materials. We now await the preliminary decision in a complementary anti-dumping case, expected in mid-July. These actions have the potential to help level the playing field and create a more viable environment for North American producers like Northern Graphite. In June we participated in a U.S. Department of Defense Request for Information (RFI) to secure supplies of graphite and other critical minerals. Region after region is launching critical minerals strategies to guarantee supply chains through trade or resource development. In Europe, the Critical Raw Materials Act is now law, and in Canada, Prime Minister Mark Carney has placed critical minerals at the center of his government's economic strategy. Just a few weeks ago, we were honored to host Quebec Minister of Natural Resources and Forests Maité Blanchette Vézina to a visit to Lac des Iles. The Minister walked the site, spoke with our people, and engaged with the reality of what it means to operate the only operating graphite mine in Canada and North America today. We are grateful for her openness and leadership.

This kind of support is key to restoring investor confidence in our sector and its battered share prices.

Our Share Price

I know all of you are deeply frustrated with our stock price. I share that frustration and recognize that despite the operational progress we have made, our financial performance is not where it needs to be. That said, our financial structure is not the only reason our stock remains under pressure. Investor confidence in critical minerals, including graphite, has been fundamentally shaken due to prevailing market conditions, and that will need to be repaired before valuations across the sector recover. In the meantime, we continue working to improve our financial performance and drive forward on our operational catalysts.

You will have heard of our efforts to finance a pit extension at Lac des Iles, our flagship mine. We require C\$10 million to be able to add some eight years to the mine life. I'm cautiously optimistic that we are going to be able to make that happen, even though it is taking a little longer than we had hoped. In an environment where demand for our graphite exceeds what we can supply, a number of potential investors have visited the mine in the last couple of months as they conduct due diligence and consider taking a stake in the pit expansion.

We are not out of the woods yet. Markets and geopolitics remain volatile, but we are seeing early indications of the tide turning as global policies around critical minerals increasingly take shape. We are executing on a clear vision, and with your continued support, we're confident that Northern Graphite will play a key role in the future of sustainable battery materials.

Sincerely,

Hugues Jacquemin
Chief Executive Officer, Northern Graphite